7. IRS STRATEGIES AND TACTICS: KNOW YOUR OPPONENT

Page

7. IRS STRATEGIES AND TACTICS: KNOW YOUR OPPONENT 7-1

7.1 IRS Mission Statement and Authority 7-3

7.2 Jurisdiction and Authority of IRS Agents 7-5

7.3 IRS Fails First Time Audit 7-8

7.4 IRS Lies and Obfuscation 7-9

7.4.1 Fraudulent/Inaccurate/Deceptive IRS Publications 7-9
7.4.2 "Plausible Deniability" 7-10
7.4.3 Just the Facts 7-11
7.4.4 "Taxes are what we pay for a civilized society. " 7-13
7.4.5 Income Taxes are Voluntary 7-14

7.5 A Message for Employees of the Internal Revenue Service 7-15

7.6 IRS Doctoring of Tax Returns to Evade Responsibility 7-16

7.7 Telephone Support Games 7-17

7.8 Tax "Misenforcement" 7-18

7.8.1 What To Do When the IRS Comes Knocking 7-18
7.8.2 Anonymous Harassment 7-22
7.8.3 IRS' "Alien" Destruction 7-22
7.8.4 Encouraging Employer Withholding "Misrepresentation" 7-24
7.8.5 Taxpayer Penalties and Interest 7-24
7.8.6 Employer Penalties and Interest 7-25
7.8.6.1 Removal of Penalty 7-26
7.8.6.2 Erroneous Written Advice from IRS 7-26
7.8.6.3 Interest Rates for Overpayment or Underpayment of Taxes 7-27
7.8.6.4 Interest Reduced 7-28
7.8.6.5 26 U.S.C. §6682 Penalties: Underreporting of income by an Employer 7-28
7.8.7 Notice of Deficiency 7-28
7.8.8 Examination Meeting 7-30
7.8.9 The 23C Assessment Form 7-30
7.8.10 Violation of Due Process of Law 7-31
7.8.10.1 The IRS Publication 1 reveals your rights….. oh, really? 7-32
7.8.10.2 The Continuing search for Due Process of Law 7-32
7.8.10.3 Tax Court Arrogance 7-33
7.8.10.4 The Missing Statutory Authority 7-33
7.8.10.5 A New Direction 7-33
7.8.10.6 IRS Presumptions and Due Process 7-34
7.8.10.7 The Examination Process 7-38
7.8.10.8 A Caseworker Shared this with Us 7-39
7.8.10.9 IRS Hiding of Evidence 7-41
7.8.11 Referral and Request for Technical Advice 7-41
7.8.12 The "Substitute for Return" 7-42
7.8.13 Subpoena of Clients, Friends, and Relatives 7-42
7.8.14 Assets Search: IRS Electronic Robbery 7-42
7.8.15 Unwanted Confiscation/Search of Taxpayer Records 7-43

Copyright Christopher M. Hansen

7.8.16 Prosecution for Willful Failure to File 7-44
7.8.17 Tax Court 7-45
7.8.17.1 Aiello v. Commissioner 7-45
7.8.17.2 Williams v. Commissioner 7-46
7.8.17.3 Solomon v. Commissioner 7-47
7.8.18 Appeals 7-49
7.8.19 Litigation Tactics 7-49
7.8.19.1 Stacking the Deck During Jury Selection 7-50
7.8.20 Tax Levies 7-51
7.8.20.1 Who is subject to Tax Levy? 7-51
7.8.20.2 Military Retirement Pay is Exempt from Tax Levy 7-62
7.8.21 Seizure of Property 7-62
7.8.22 Auctions of Taxpayer Property 7-65

7.9 IRS (and Congressional) Hypocrisy and Arrogance 7-65

7.10 Statistics On IRS Behavior 7-74
7.10.1 Audits 7-74
7.10.2 Collection activity 7-76
7.10.3 Federal Tax Prosecutions 7-76
7.10.4 Criminal Enforcement 7-76

7.11 Documentation of IRS Rules and Procedures 7-77

Copyright Christopher M. Hansen

Did you ever notice?? If you put together the two words of "THE" and "IRS" it spells "THEIRS"?

"Our government is the potent, the omnipresent teacher. For good or for ill, it teaches the whole people by its example. Crime is contagious. If the Government [or the IRS] becomes a lawbreaker, it breeds contempt for law: it invites every man to become a law unto himself; it invites anarchy. To declare that in the administration of the criminal law the end justifies the means - to declare that the Government [the IRS] may commit crimes in order to secure the conviction of a private criminal - would bring terrible retribution. Against that pernicious doctrine this Court should resolutely set its face." [Justice Louis Brandeis in ***Olmstead v. U.S., 277 U.S. at 485. (1928)****]*

"Beware of tyrants masquerading as public servants."

"You can discover what your enemy fears most by observing the means he uses to frighten you." Eric Hoffer

IRS Mottos:

- *"If at first you don't succeed,destroy all evidence that you tried." Steven Wright*
- *"Hard work pays off in the future. Laziness pays off now." Steven Wright*

This chapter will discuss IRS tactics and strategy. Each of the subsections in this chapter are organized in the chronological sequence in which they are most likely to occur within a typical tax case. For an excellent statistical reference on IRS activities, refer to the following website:

http://trac.syr.edu/tracirs/

As you read through the shenaningans, lies, propaganda, and deception of the IRS and the Treasury documented in this chapter, recognize that *it all has the following purposes*:

1. Perpetuate the deception that the law says we are liable for federal income taxes through public propaganda campaigns and deceitful literature.
2. Generate fear of the government, which will translate into involuntary compliance in paying income taxes they are not truly lible for.
3. Create confusion and "cognitive dissonance" using rhetoric and propaganda, which will immobilize people and keep them from taking action to right the wrongs of their government relating to income taxes. The Bible warns of this in James 3:16:

   "For where envy and self-seeking exist, ***confusion and every evil thing will be there****."*

4. Perpetuate the ignorance of the masses by encouraging participation in a corrupted and dysfunctional public educational system that teaches us nothing about the dishonesty of our own government.
5. Make a few occasional examples out of notable celebrities on income taxes to keep the rest of the masses, what we call the "sheeple" (instead of people) volunteering for an illegal and unethical income tax.

7.1 IRS Mission Statement and Authority[54]

The IRS was created by act of July 1, 1862; codified under 26 U.S.C. §7802. According to an early version of the Internal Revenue Manual, Chapter 1100, Section 1111.1, titled "Mission":

[54] *Losing Your Illusions*, Gordon Phillips, p. 14

Copyright Christopher M. Hansen

> *The purpose of the IRS is to collect the proper amount of tax revenues at the least cost to "the public, and in a manner that warrants the highest degree of public confidence in our integrity, efficiency, and fairness. To achieve that purpose, we will encourage and achieve the highest possible degree of **voluntary compliance** in accordance with the tax laws and regulations..."*

After tax freedom fighters homed in the part of the above statement that said "voluntary compliance" and said that taxes must be voluntary, the IRS changed their mission statement to remove references to it! Here's the *new* mission statement from the latest version of their Internal Revenue Manual (IRM) from section 1.1.1.1:

> *"Provide America's taxpayers top quality service by **helping them understand and meet their tax responsibilities** and by applying the tax law with integrity and fairness to all."*
> *[1.1.1.1 (02-26-1999), IRS Mission and Basic Organization]*
> http://www.irs.gov/taxpros/display/0,,i1%3D5%26genericId%3D21059,00.html

You will note that they are supposed to serve "America's taxpayers" and NOT the congress or politicians. Furthermore, do you see "American Citizens" in that statement? Is the implication that they don't serve you or help you are an American Citizen who claims to have *no tax liability*? Furthermore, if you call up their 800 number support line and ask them to help you understand your legal obligations to pay the federal tax, they will flat out refuse to discuss the law with you! How can they therefore "apply the law with integrity and fairness" as indicated above if they aren't even required to *know the law* or talk about it with Americans, who are the people they are supposed to be there to serve, according to their mission statement?

> *Proverbs 28:9: "He that turneth away his ear from hearing the **law**, even his **prayer** [shall be] abomination."*

Why would they do that? Because as we will explain later, if they have to tell you and admit to you what the law says, they lose their ability to claim "plausible deniability" if they are prosecuted for their routine violations of that law as exposed in this chapter, as we describe later in section 7.4.2!

IRS Publication 1, titled ***Your Rights As A Taxpayer*** , Year 2001 version, states:

> *"IRS employees will protect and explain your rights as a taxpayer throughout your contact with us."*

Of course, that's not at all how it works in the real world. A person who has always filed returns and does not owe the IRS a dime can write a letter to the IRS that goes something like this:

> *"Dear IRS,*
>
> *I am not a tax protester or even a "taxpayer".*
>
> *I have absolutely no objection to or argument with the tax laws exactly as they are written. I simply have a few questions that neither my CPA, my lawyer or my mother can answer from you.*
>
> *Can you please state the statute that makes a citizen working within the 50 states liable for a tax on his own income?"*

Bingo. You're a tax protester just for writing the letter. The Gestapo and the KGB could take a page from the IRS book.

When the IRS classifies you as a "tax protester", it enters computer transaction code TC 148 into your Individual Master File, or IMF. The fact is that, according to the IRS own agent's manual at section 5431.4, an illegal tax protester is someone who executes a return and makes a protest on the return.

Copyright Christopher M. Hansen

But what if you don't file and don't protest? Ah, there is no mention of such action. Why can't the IRS answer straight-forward, sensible questions in a timely manner just as Publication 1 says it should to in protecting our rights?

Of all the methods available to us to protect our rights, is it not reasonable to inquire as to how timely answers to questions about the law that are not frivolous could possibly be a waste of the government's time?

If a letter or request for information that holds merit and is definitely applicable to a specific situation is written in the proper manner, then any action other than a timely and accurate response by our government, by law, is unacceptable.

The reference here is to something called the Law of Presumptions, namely that an unrebutted presumption is presumed correct, which is why ALL IRS correspondence must always be answered.

7.2 Jurisdiction and Authority of IRS Agents

26 U.S.C. §7608 establishes the authority of Internal Revenue Agents in enforcing Subtitles other than Subtitle E, which is alcohol, tobacco, and firearms. Below are the only actions that IRS agents are authorized to take who are associated with collection or investigation of violations of income tax laws:

> *(b) Enforcement of laws relating to internal revenue other than subtitle E*
>
> *(1) Any criminal investigator of the Intelligence Division of the Internal Revenue Service whom the Secretary charges with the duty of enforcing any of the criminal provisions of the internal revenue laws, any other criminal provisions of law relating to internal revenue for the enforcement of which the Secretary is responsible, or any other law for which the Secretary has delegated investigatory authority to the Internal Revenue Service, is, in the performance of his duties, authorized to perform the functions described in paragraph (2).*
>
> *(2) The functions authorized under this subsection to be performed by an officer referred to in paragraph (1) are -*
>
> *(A) to execute and serve search warrants and arrest warrants, and serve subpoenas and summonses issued under authority of the United States;*
>
> *(B) to make arrests without warrant for any offense against the United States relating to the internal revenue laws committed in his presence, or for any felony cognizable under such laws if he has reasonable grounds to believe that the person to be arrested has committed or is committing any such felony; and (C) to make seizures of property subject to forfeiture under the internal revenue laws.*
>
> *(c) Rules relating to undercover operations*
>
> *(1) Certification required for exemption of undercover operations from certain laws With respect to any undercover investigative operation of the Internal Revenue Service (hereinafter in this subsection referred to as the "Service") which is necessary for the detection and prosecution of offenses under the internal revenue laws, any other criminal provisions of law relating to internal revenue, or any other law for which the Secretary has delegated investigatory authority to the Internal Revenue Service -*
>
> *(A) sums authorized to be appropriated for the Service may be used -*
>
> *(i) to purchase property, buildings, and other facilities, and to lease space, within the United States, the District of Columbia, and the territories and possessions of the United*

Copyright Christopher M. Hansen

States without regard to - (I) sections 1341 and 3324 of title 31, United States Code, (II) sections 11(a) and 22 of title 41, United States Code,

(III) section 255 of title 41, United States Code,

(IV) section 34 of title 40, United States Code, and

(V) section 254(a) and (c) [1] of title 41, United States Code, and This paragraph shall apply only upon the written certification of the Commissioner of Internal Revenue (or, if designated by the Commissioner, the Deputy Commissioner or an Assistant Commissioner of Internal Revenue) that any action authorized by subparagraph (A), (B), or (C) is necessary for the conduct of such undercover operation.

(2) Liquidation of corporations and business entities If a corporation or business entity established or acquired as part of an undercover operation under subparagraph (B) of paragraph (1) with a net value over $50,000 is to be liquidated, sold, or otherwise disposed of, the Service, as much in advance as the Commissioner or his delegate determines is practicable, shall report the circumstances to the Secretary. The proceeds of the liquidation, sale, or other disposition, after obligations are met, shall be deposited in the Treasury of the United States as miscellaneous receipts.

(3) Deposit of proceeds

As soon as the proceeds from an undercover investigative operation with respect to which an action is authorized and carried out under subparagraphs (B) and (C) of paragraph (1) are no longer necessary for the conduct of such operation, such proceeds or the balance of such proceeds remaining at the time shall be deposited into the Treasury of the United States as miscellaneous receipts.

(4) Audits

(A) The Service shall conduct a detailed financial audit of each undercover investigative operation which is closed in each fiscal year; and

(i) submit the results of the audit in writing to the Secretary; and

(ii) not later than 180 days after such undercover operation is closed, submit a report to the Congress concerning such audit.

(B) The Service shall also submit a report annually to the Congress specifying as to its undercover investigative operations -

(i) the number, by programs, of undercover investigative operations pending as of the end of the 1-year period for which such report is submitted;

(ii) the number, by programs, of undercover investigative operations commenced in the 1-year period for which such report is submitted;

(iii) the number, by programs, of undercover investigative operations closed in the 1-year period for which such report is submitted, and

(iv) the following information with respect to each undercover investigative operation pending as of the end of the 1-year period for which such report is submitted or closed during such 1-year period -

(I) the date the operation began and the date of the certification referred to in the last sentence of paragraph

Copyright Christopher M. Hansen

(1),

(II) the total expenditures under the operation and the amount and use of the proceeds from the operation,

(III) a detailed description of the operation including the potential violation being investigated and whether the operation is being conducted under grand jury auspices, and

(IV) the results of the operation including the results of criminal proceedings.

(5) Definitions

For purposes of paragraph (4) -

(A) Closed

The term "closed" means the date on which the later of the following occurs;

(i) all criminal proceedings (other than appeals) are concluded, or

(ii) covert activities are concluded, whichever occurs later.

(B) Employees

The term "employees" has the meaning given such term by section 2105 of title 5, United States Code.

(C) Undercover investigative operation

The term "undercover investigative operation" means any undercover investigative operation of the Service; except that, for purposes of subparagraphs (A) and (C) of paragraph (4), such term only includes an operation which is exempt from section 3302 or 9102 of title 31, United States Code.

(6) Application of section

The provisions of this subsection -

(A) shall apply after November 17, 1988, and before January 1, 1990, and

(B) shall apply after the date of the enactment of this paragraph and before January 1, 2001.

All amounts expended pursuant to this subsection during the period described in subparagraph (B) shall be recovered to the extent possible, and deposited in the Treasury of the United States as miscellaneous receipts, before January 1, 2001.

Conspicuously absent from the above is the right of an IRS revenue agent to carry a firearm, search a premises, seize property, or enter a premises without a court order!

IRS revenue officers are authorized by law to conduct <u>*only*</u> civil enforcement under subtitle E (alcohol, tobacco, and firearms), not under subtitle A (income taxes). Among assertions by former IRS agents is that virtually everything a revenue officer does is outside the law. Below are some statutes that document what IRS agents who work under Subtitle E (alcohol, tobacco, and firearms) are authorized to do:

Copyright Christopher M. Hansen

Table 7-1: Authority of Internal Revenue Agents

Code Section(s)	*Authority of Agent*
26 U.S.C. §5557	Officers and agents authorized to investigate, issue search warrants, and prosecute for violations
26 U.S.C. §5203	Are only allowed to enter and examine premises involved in distilled spirits, wines, and beers under the BATF. Proprietors of these facilities shall afford access.
26 U.S.C. §7608	BATF IRS Agents authorized to: 1. Carry firearms 2. Execute search warrants 3. Make arrests without warrants 4. Make seizures of property

It is quite clear from the above that ***the only types of IRS agents who can carry firearms or seize property are those that are involved with alcohol, tobacco, and firearms***! If an IRS agent shows up on your doorstep with either a gun or wants to seize your property, then he is violating the law!

7.3 IRS Fails First Time Audit[55]

While the typical American panics at the thought of being called in for an audit, did you know that for years the IRS itself steadfastly refused to be audited? And that when the IRS finally was audited for the first time ever in 1993, Comptroller Bowsher of the General Accounting Office testified before Congress that the IRS in its annual report to Congress had been knowingly exaggerating the amount of money it claimed to be able to collect by over $86 billion dollars? Would you believe that when asked to explain this mind-boggling discrepancy, the GAO stated, and I quote:

> *"The [audit] was made extremely difficult because [IRS'] existing systems were not designed to provide...reliable financial information...on their operations"?*

Now, is that an excuse the IRS will allow you at an audit? Can you imagine telling an IRS auditor that your systems were not designed to provide "reliable financial information on my operations"?

The IRS has actually flunked audits by the General Accounting Office for four years in a row. As Senator Ted Stevens from Alaska has commented:

> *"The agency that is so strict on the way Americans keep their books cannot itself pass a financial audit."*

An excerpt from the July 22, 1996 issue of the magazine ***The New American***, states:

> *"...for the fourth consecutive year, 'fundamental problems remain uncorrected', says the General Accounting Office.*
>
> *The IRS has been unable to ...reconcile its records on total revenue of $1.4 trillion and refunds of $122 billion, to substantiate the amounts it reported collecting in income taxes, excise taxes, or Social Security taxes, to verify much of its $3 billion in accounts receivable."*

Further quoting from the same article:

[55] *Losing Your Illusions*, Gordon Phillips, pp. 14-15.

Copyright Christopher M. Hansen

> *"The inspector general for the Treasury Department charges that the IRS' accounting systems: 'do not meet today's accounting standards for financial management systems, nor do they provide an adequate transaction trail."*

Wow! There's another line for the IRS auditor: "I regret that my records do not meet today's accounting standards for financial management systems, nor do they provide an adequate transaction trail."

Well, what do you think? Will "IRS employees...protect and explain your rights as a taxpayer...?" How about your constitutionally protected rights? Don't hold your breath!

You may find it of further interest to learn that an April 9th, 1997 article in the Los Angeles Times reported that, due to widespread, unauthorized browsing through tax returns, the Internal Revenue Service fired or disciplined nearly 400 employees, some of whom were caught snooping on a variety of high-profile public figures, including looking through Elvis Presely's old returns.

Furthermore, a General Accounting Office investigation showed that the IRS had lost 6,400 computer tapes that contained data on tens of thousands of taxpayers. Would that stop the IRS from mailing them unsubstantiated allegations of tax liabilities? Not for a "New York minute". To most Americans today, it seems a given that we live in a system of "one set of rules for them and one set for us."

7.4 IRS Lies and Obfuscation

> *"You shall not circulate a false report [like the IRS does all the time]. Do not put your hand with the wicked to be an unrighteous witness." [Bible, Exodus 23:1]*

> *"Keep yourself far from a false matter; do not kill the innocent and righteous. For I will not justify the wicked.*
>
> *And you shall take no bribe, for a bribe blinds the discerning and perverts the words of the righteous." [Bible, Exodus 23: 7-8]*

> *Getting treasures by a lying tongue*
> *Is the fleeting fantasy of those who seek death.*
> *[Bible, Prov. 21:6]*

7.4.1 Fraudulent/Inaccurate/Deceptive IRS Publications

As we said before in section 3.11, several federal courts have consistently ruled that IRS publications and the Internal Revenue Manual (IRM) ***DO NOT*** have the force of law and are only directory in nature. Any time an IRS agent approaches you and says he has the right under to the law to do anything, ask him what law. If he says the Internal Revenue Manual or any of the IRS Publications, then please remind him that these documents are irrelevant and do not have the force of law. Instead, redirect him to explain the section out of either the U.S. Code or the Code of Federal Regulations that document the true law that gives him or her their authority. See the following court cases for further explanation of this conclusion if you like:

1. ***Lurhing v. Glotzbach***, 304 F.2d 360 (4th Cir. 1962).
2. ***Einhorn v. DeWitt***, 618 F.2d 347 (5th Cir. 1980).
3. ***United States v. Goldstein***, 342 F.Supp. 661 (E.D.N.Y. 1972).
4. ***Boulez v. C.I.R.***, 810 F.2d 209 (D.C. Cir. 1987).

Copyright Christopher M. Hansen

5. ***United States v. Will***, 671 F.2d 963, 967 (6th Cir. 1982).

Remember that there is a precedence and order to the laws and regulations and guidance that govern IRS employees. The Constitution is supreme, followed by the U.S. Code, then the Code of Federal Regulations (CFR), and finally the IRS Publications and the Internal Revenue Manual. Remember that where there are conflicts in terms and definitions or the application of the law, laws with a higher precedence *always* overrule those of the lower precedence. For instance, if the IRS publications have a much broader definition of "employer" than the U.S. Code, then the U.S. Code takes precedence. Federal agencies have no constitutional authority to broaden the application of the original law in the U.S. Code from which they derive the regulations they publish in the Federal Register that end up in the Code of Federal Regulations. We refer you again for a definition of the words found in the U.S. Code as documented in section 3.6.1 of this publication for information about the deceptive/fraudulent word games that the congress and IRS play.

7.4.2 "Plausible Deniability"

The IRS cannot and does NOT make determinations about your remuneration being taxable, but is acting with reasonable cause and "plausible deniability" of the facts as stated under penalty of perjury by the employer/payor on the W-2, 940/941, and 1099 forms sent to it. This is why it is almost impossible to prevail against IRS claims or sue an IRS Agent for their actions. You therefore can't undermine the IRS' position until you are permitted your due process rights to examine and refute the evidence they have against you. Such evidence should rightfully include:

1. The inaccurate and downright *wrong* W-2's the IRS received from your employer.
2. IRS Form 4852's that you hopefully sent in correcting the amounts reported by your employer as gross income in block 1 of the W-2 as "wages, tips, and other compensation".
3. The testimony of your employer's tax person 's knowledge about "gross income" as it relates to accurately completing your W-2's.

Below is a definition of "plausible deniability" for the record:

> *Deniability - having the attribute of being contradictable or deniable.*
>
> *Plausible - the nature of an explanation appearing right within itself, but superficial in its appearance; specious.*
>
> *Example: The District Director of the IRS can deny his knowledge of occurrences of corruption and illegality within his District of the IRS, such as the IRS collecting an income tax on remuneration as opposed to gross income, as they may not have been investigated, discovered, or reported. Such an argument appears to be right, and might be, but is revealed as wrong when our letters regarding the law are brought forward and reveal that he had been informed of all legal improprieties and questions.*
>
> *Our strategy is to remove his specious explanation of the continued lawlessness by informing him of the illegalities occurring beneath his Office in the name of his Office.*

Based on these facts about plausible deniability, it's easy to understand and explain why the IRS is arrogant and uncooperative when you call them on the phone and request that they use the law to explain to you your tax liability. They will tell you (as they rather rudely spent an hour telling me on the phone after an hour waiting to talk to them) that they aren't there to provide legal advice and will insist that you refer or request explanations NOT of the 26 U.S.C or the 26 CFR laws that are the basis for their authority and jurisdiction, but instead they will try to keep steering you back to the IRS publications, which we emphasized in section 3.12 ("IRS Publications and Internal Revenue Manual") *do not* have the force of law in a court of law and are legally irrelevant to your tax liability. Because they are legally irrelevant and in effect "hearsay" evidence, or "Peter Pan" evidence as we call it, they are not admissible as evidence in court. Since the agent is not allowed to discuss the law ever with you, then he can't ever be held accountable, in effect, for the misapplication of the tax laws or any aspect of their otherwise "willful malfeasance"! Now isn't that interesting?

Copyright Christopher M. Hansen

7.4.3 Just the Facts

Arguments:

Illegal tax protester Groups [I guess it's not legal to protest the misapplication by the IRS of any statute or law in the United States] have used a variety of false or misleading arguments for not paying taxes. They build their complicated arguments that the income tax system is illegal by stringing together unrelated ideas plucked from widely conflicting court rulings, dictionary definitions [I guess no one should rely on a dictionary anymore to provide them with exact definitions of words that are being used - words that the IRS uses to unlawfully steal your home, your bank accounts and your life.], government regulations and other sources. Here are some of the most popular arguments:

- **Constitutional Argument** [Constitution is a dirty word for the IRS]: Filing a Form 1040 violates the Fifth Amendment right against self-incrimination or the Fourth Amendment to privacy.
- **The Truth**: The courts have consistently held that disclosure of the type of routine financial information required on a tax return does not incriminate an individual or violate the right to privacy.

Comment: I guess it's not legal to protest any statute or law in the United States anymore. But I wonder what's the difference between a tax protester and an illegal tax protester? I suppose the legal tax protester is the one who continues to wear the yoke of tyranny, dutifully writing to his member of Congress who is either scared, stupid or oblivious to anything but campaign donations. I suppose the illegal tax protester is the one who still believes in what our Founding Fathers did: stand up against tyranny or live in bondage. The choice is yours, America.

Next, "constitution" is a dirty word to the IRS. Second, if you sign a 1040 and the IRS decides you have lied about something, then you're charged with tax evasion - based on information you provided to them. Even if it is a mathematical error, they are forcing you to surrender your right against self-incrimination and this can lead to a life of hell. Yes, you are **forced to surrender your Fifth Amendment rights** with a gun to your head and we all know it.

The IRS wouldn't know the truth if they walked into it. Second, it doesn't matter if the material on a tax return is "routine" or anything else, the fact that you are **forced** with a gun to reveal information that is **your** private business as a free person **is** the **real** issue here. The courts have upheld their paychecks and flushed their honor, integrity and decency by allowing this travesty to go on for 86 years. Your **rights**, according to 100% of the federal judges on the bench today, don't apply when it comes to the IRS.

- **Sixteenth Amendment Argument**: The Constitutional amendment establishing the basis for income tax was never properly ratified.
- **The Truth**: The Sixteenth Amendment was ratified on February 3, 1913, and it states "The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration."

Comment: As I said, these liars for hire in that work for the IRS know nothing of the truth because their job security is maintained only through lies. If you have not read The Law That Never Was by Bill Benson, get these two tomes and you can order them directly from Bill [his e-mail address is: bbenson1@ix.netcom.com. Share the cost with a friend but seeing is believing and you will see the undisputed truth: that not a single state voted to ratify this amendment. Philander Knox, Secty of State at the time, and I have a copy of this document, simply declared the amendment ratified. Not to mention the fact that the courts refuse to allow this evidence into a federal court room and if you think I'm kidding, I am dead serious. Do your homework and then come back and tell me there's no conspiracy to keep the truth from the people. You won't be able to and your life will never be the same.

As you know, this is one of the reasons for the IRS Symposium showdown in Washington, DC July 1st and 2nd - let the government, any representative they send, let them prove to the people that we have it wrong. They can't. As I said, this whole IRS/FED alliance is nothing but a big, fat lie which has been cheating the people of this country for 86 years and only the people can shut it down.

Copyright Christopher M. Hansen

- **Religious Arguments**: Use the Freedom of Religion clause of the First Amendment by taking a vow of poverty or fraudulently claiming charitable contributions of 50% or more of your adjusted gross income.
- **The Truth**: Taking a purported vow of poverty or claiming fraudulent contributions to filter your money through a church is not legal. Illegal tax protest religious organizations use funds for personal expenses.

Comment: The biggest mistake churches in this country ever made was the day they all started to apply for those 26 CFR § 501(c)(3) tax-exempt status - they literally made a pact with the devil. The government has never had the right to meddle in church affairs and for those who aren't aware of it - there is a huge movement afoot in America where churches are giving back this "tax exempt" status to the IRS and telling them to keep out of their business.

Notice how the government phrases certain issues: "...by taking a vow of poverty..." and, in the "The Truth" section: "Taking a purported vow of poverty...."

Back to the dictionary. Purported is defined as: To have or present the appearance, often false; of being or intending.

The IRS says anyone who takes a vow of poverty must surely be doing so under false pretenses. It would never occur to them that there are actually people who care nothing for worldly goods but have determined that their time on earth was meant to be spent in worship and service of our Lord. Therefore, everyone who takes a vow of poverty is automatically considered guilty in the eyes of the Gestapo.

- **Internal Revenue Code Arguments**: (1) There is no IRC that imposes taxes; (2) only "individuals" are required to pay taxes; or (3) IRS can only assess taxes against people who file returns.
- **The Truth**: The tax law is found in Title 26 of the U.S.C. Section 6012 of the Code makes it clear that only people whose income falls below a certain level do not have to file returns. Section 6201 of the Code states that the Secretary of the Treasury is required to make assessments "of all taxes imposed by this title [Title 26].

Comment: This is where they are slicker than Pennzoil [no offense to them!]. The truth **is, no where in Title 26 does it define "income"** and as has been said before, this is nothing more than hocus pocus, meant to overwhelm the little guy using smoke and mirrors.

Forming a Trust Argument: Forming a business trust to hold your income and assets will avoid taxes. A family estate trust will allow you to reduce or eliminate your tax liability.

The Truth: Establishing a trust, foreign or domestic, for the sole purpose of hiding your income and assets from taxation is illegal and will not absolve you of your tax liability.

Comment: Please be warned that the IRS' **number one item** on their hit list are trusts. We need to pull the plug on the IRS/FED swindle so that honest, decent, hard working Americans don't have to look over their shoulder every waking moment, deathly afraid of these thugs. Then, if you want, which is **your** business, if you want to open a trust or anything else, it's your right.

How are your tax dollars used to benefit the citizens of the United States? Which of these services have you or your family used lately or will you use in the future?

Income and Outlays: These pie charts show the relative sizes of the major categories of federal income and outlays for fiscal year 1995:

[Note: I'm not doing to do pie charts here but what I am going to do is take and compare the numbers in this brochure for 1995 to the numbers on the pie charts located in this IRS Showdown section from 1997 and I think you'll find it quite interesting.]

Income

	Brochure - 1995 figures	Pie Charts 1997 OMB
Social Security, Medicare, unemployment and other retirement taxes	33%	33%

Copyright Christopher M. Hansen

Personal income taxes	42%	41%
Borrowing to cover deficit	7%	7%
Corporate income tax	11%	11%
Excise, customs, estate, gift, and miscellaneous taxes	7%	8%

Outlays

	Brochure - 1995 figures	Pie Charts 1997 OMB
Social Security, Medicare, unemployment and other retirements taxes:	37%	35%
Law enforcement and general government	2%	
National defense, veterans, and foreign affairs	20%	15%
Social programs	18%	35%
Physical, human, and community development	8%	
Net interest on the debt	15%	15%

These numbers are too close to be accurate. For one thing, when John and I did not file our returns several years ago, the IRS came back and said we were engaged in the manufacture and/or sale of cigarettes, alcohol, tobacco, firearms or stamps and had not paid an **excise tax** on these activities under Title 27. Of course, this is a big lie but that's how they get away with the fraud - the people sit back and allow it to go on.

Therefore, these numbers for personal "income taxes" is a lie. Second, this invisible interest that goes to the banker boys who own all the stock in the "FED," it **grows exponentially as the borrowing increases.** This debt is close to **six trillion dollars**, the 15% for both 1995 and 1997 being the exact same amount is mathematically impossible. Back in 1992, personal "income taxes" collected was $476 billion plus, today it's almost a trillion and only a minuscule, teeny amount gets kicked back to the treasury. It is impossible to ever pay down this unnecessary and evil "national debt," much less pay it off, so the number must always **increase, not decrease**. As Frank Sinatra said, "It's witch craft..."

Notice the numbers for social security: In both years 33% was brought in but in 1995, the outgoing is shown at 37% and in 1997 it's shown as 35%. **This cannot be accurate**. First of all, taking away all the folks who have passed on, we know from reading the government's own reports, that millions of new applications have been processed and the system is now overburdened with fraud from illegals collecting not only social security but also SSDI.

Additionally, we have to remember that social security is a Ponzi scheme: There will **never** be enough put in to pay out without someone else slaving to pay in. There will always be a shortfall and the easiest analogy is this: The first person to collect SS paid $2,000 into the system in taxes but she collected $27,000 in benefits by the time she passed away. That's a shortfall of $25,000 for just one person. Today there are almost 44 million people on SS and SSDI. If there's a shortfall of $25,000 for one person, how much of a shortfall is it for 44 million people? It doesn't work which is why it will take a 55% payroll tax in a few years just to pinch by. Let's not forget how much **free** social security and other benefits are being given to people hauled here by the government - people who have never paid a cent into this Ponzi scheme.....Think about that tomorrow morning when you get up to go sit in the commute traffic or mop floors or run to your two jobs.

And, now for the backside of this IRS brochure:

7.4.4 "Taxes are what we pay for a civilized society. "

There have always been groups and/or individuals who, for a variety of reasons, argue that various taxes are illegal. And there have always been groups and/or individuals who make legitimate efforts to seek reform of our tax system and simply our tax laws. But those who argue by disobeying the law are called Illegal Tax Protesters. They use false, misleading, or unorthodox tax advice to gain followers. Their advice is seldom free.

Up front you pay the fees or commissions they charge to subscribe to their philosophy and illegal tax schemes. And in the end, unfortunately, you pay even more in penalties, interest, and legal fees for following their bad advice. Their

Copyright Christopher M. Hansen

philosophies have lead to the financial ruin of innocent citizens who have been deceived by false information. **Believe it or not** - a number of individuals who market these packages actually pay taxes.

> **Comment**: I make no money and haven't made or accepted one single penny since 1991. People like Bill Benson, Joe Banister and others cannot afford to simply print up their books or ship them for free or ask the post office to mail them for free. Those two paragraphs up there represent the finest in what is defined as propaganda. Yes, there are people out there who market "getting out of the IRS" schemes and we try to warn people about these bad guys **who probably work for the government**. Yeah, there are greedy shysters out there trying to make a buck off the desperate.
>
> **The solution to the problem is to get rid of the IRS/FED scheme altogether by following the law:** Filing returns is voluntary. If 50% of the country didn't volunteer next April 15th, Congress would then be forced to abolish the IRS, shut down the private "FED" and sell off their assets. Those assets and all the gold sitting in "Federal" Reserve Banks would be transferred to the public Treasury where it belongs. Anything else is just treating the symptoms.

The IRS has focused its efforts against the illegal tax protester movement by adopting a two-fold approach:

1. Assist Americans who have been misled to correct their filing status.
2. Vigorously pursue enforcement actions and prison sentences for individuals who continue to violate tax laws. Report suspicious or misleading tax information to your local IRS office. Or Call 1-800-829-0433 (Internet site - www.ustreas.gov/bureaus/irs/ci)

The reason IRS takes illegal tax protesters seriously is one of maintaining public confidence in the fairness of the tax laws. Recommending prosecution of these cases shows that we are fighting to make sure the other person is not getting away without paying his/her fair share.

7.4.5 Income Taxes are Voluntary

> **Comment:** They are vigorously pursuing prison sentences for people who violate the tax laws. Well, it's time the DOJ went out and arrested all these IRS employees and IRS lawyers for violating the tax laws by forcing people to voluntarily file. They are the ones who should be in jail along with every federal judge in this country who has aided and abetted in this fraud. No one should be above the law in our country.
>
> Notice the words: "make sure the other person is not getting away without paying his/her fair share." That's it, tell the unsuspecting, terrified population that Joe Smith, whose on trial for not volunteering to file, make old Joe look like he's trying to screw you by "not paying his fair share." Hey, it's your government and this is what people's fear is protecting.
>
> "The IRS takes tax protesters seriously so they can maintain public confidence in the fairness of the tax laws?" Seems to me I've heard that somewhere before:
>
> March 5, 1997, *USA Today*, Interview with United States Senator Bob Kerry. Kerry is co-chair of the National Commission on Restructuring the IRS - another bone being thrown to the desperate people of America. New lies for old lies.
>
> Question: "The commission's goal is to "ensure the American public's faith in its government to collect revenue in a fair and courteous manner." Why does being fair and courteous matter?"

Copyright Christopher M. Hansen

Response from U.S. Senator Kerry:

"It's [IRS] a voluntary system."

Really, Mr. Senator? How many innocent Americans are sitting and rotting in federal prisons because they didn't volunteer?

I rest my case.

7.5 A Message for Employees of the Internal Revenue Service[56]

You were lied to. There are some in Washington who are very grateful that people like you are willing to greatly increase their wealth and power, illegally. They have no qualms about having *you* break the law by attempting to collect money from people who do not legally owe it. After all, *they* literally told the truth (in the federal income tax statutes and regulations). *You* are the one misapplying the law. But unlike them, *you* can plead ignorance... or at least you could have, until now.

Your bosses (the ones in Washington) did not trust you with the truth. They thought that if you *knew* that most of your victims were not legally required to file anything or pay anything, you might cease your bullying tactics, either from fear of retaliation, or from (heaven forbid) having a moral conscience. But at the same time, your higher-ups in Washington were counting on you being ignorant. And you didn't disappoint them.

You'd like to dismiss the information in this document as "tax protestor rhetoric," wouldn't you? You want to cling to the notion that you are just enforcing *the law* as a faithful civil servant, don't you? You'd like to hang on to the comfort of your ignorance, wouldn't you? You'd like to just "do your job," and not have to worry about whether what you are doing is legal, ethical, or moral, right? (Hint: it's none of the above.)

You have a unique opportunity, to right a tremendous wrong. But chances are, you *won't*. Chances are, your top priority will be pleasing your higher-ups, or at least avoiding their wrath until that next paycheck. What I ask you to do now will be inconvenient. It will be unpleasant. It will "make waves." It will cause trouble. It will make you enemies... and then friends. It will unleash the wrath of Washington... and then attract the appreciation of the citizenry. It will cost you your paycheck... and save several million others theirs.

The first step is a very small one, and will seem almost irrelevant to you. I want you to request a few things from your higher-ups. How hard is that?

> *"Determination of taxable income. The taxpayer's taxable income from sources within or without the United States will be determined under the rules of Secs. 1.861-8 through 1.861-14T." [26 CFR § 1.863-1(c)]*

STATMENT: "Hey boss, I need a citation to give these people who say they should be using Section 861 and the related regulations to determine their taxable income."

> *"Part I (section 861 and following), subchapter N, chapter 1 of the Code, and the regulations thereunder determine the sources of income for purposes of the income tax." [26 CFR § 1.861-1]*

"Hey boss, I need a citation saying that Section 861 and related regulations do not determine what constitutes a 'source' of income for purposes of the income tax."

STATEMENT: "Hey boss... I need a substantive response to this 861/'source' argument."

[56] http://www.taxableincome.net/, Larkin Rose (good job!).

Copyright Christopher M. Hansen

Simply *asking* for the above things should be easy, especially if you think the income of most Americans really *is* taxable. Surely with all the lawyers the IRS has, they could at least make a form letter giving the *citations of statutes and regulations* which will set these "tax protestors" straight. There must be *something* somewhere, right? And wouldn't it be handy if your higher-ups *gave it to you*? So go ask for it.

The hard part comes when they can't answer. Then you have to make the difficult choice. Do you slink back into your role as oblivious extortionist, or do you follow through?

STATEMENT: "Hey boss, at least for my peace of mind, show me where the statutes and regulations show that these people are wrong."

If you are misapplying the law, and in the process committing extortion and theft, do you *want* to know that, or would you prefer ignorance?

STATEMENT: "Come on, boss... throw me a bone here. I'm being put on the spot, and I don't have an answer. All I ask is to be given the citations which will prove these people really do owe something."

When you get to this point, that little nagging doubt will start. Sure, bureaucracies are slow and disorganized, but they ought to be able to do better than *this*. Right?

STATEMENT: "Boss, I'm serious. These people are showing me the statutes and regulations agreeing with their position. We must have something we can show them!"

After the nagging doubt has been there for a while, it gets joined by a subtle horror, as you subconsciously realize the ramifications. If this is true... then... then you... all this time... you've been...

STATEMENT: "Look, boss, it's my neck out there. If I can't give these people some legal citations, I'm going to look like an idiot. I need something to prove that I'm just enforcing the law."

After a while, the responses you get from your bosses won't look like ignorance or incompetence anymore; they will look like a cover-up.

STATEMENT: "Boss, these people aren't right, are they? I mean... I know they can't be, but... have you looked at this stuff? Why can't our lawyers come up with a decent response?"

You will get angry. Your bosses will get angry. You will get scared. You won't know who to trust.

STATEMENT: "Hey, boss..."

One day, after hours of agonizing, you will admit to yourself the disturbing truth. As I said, if you do what I suggest, you will surely make enemies. And then you will make more friends than you can count. If you find yourself in the position described above, send me an e-mail at larken@taxableincome.net. Everything will be confidential. I won't post anything without your express permission. Sanctuary is yours for the asking. - Larken Rose

7.6 IRS Doctoring of Tax Returns to Evade Responsibility

Those persons who think they are not liable for federal income taxes and who carefully prepare their returns with a detailed note of explanation attached to their returns are often sleighted by the IRS agent processing their tax return. If the letter is long and detailed and would place demands on the agent or slow down processing, it is quite common for agents to simply destroy the attachment and then pretend like the tax return was the only thing they received. This way, they don't have to read or respond to the letter and later on, if the case goes to court, they will innocently claim that the return was the only thing they received and that the burden of proof was not met by just the return in showing that the filer had no tax liability. Then they will slap a penalty onto the filer for a frivolous return! This is why we recommend the following in section

Copyright Christopher M. Hansen

8.5.4.6 that you should include a prominent statement somewhere on the return and every enclosure stating that "Not valid without attached letter and all enclosures". This throws a wrench in their devious scheme.

7.7 Telephone Support Games

The IRS' 800 number is one of the most exasperating experiences you will ever have, and this is deliberate so people will just pay their tax and quit asking questions or complaining. Here are some of the games they pull on the support line to abuse Americans who call, learned from first-hand experiences of our own:

1. The local phone books in each county will not include local numbers for anyone in the local IRS office. Instead they will only give you the 800 number. This discourages you from calling your local office or holding anyone there personally accountable for helping you.
2. The 800 support number forces you to wait on hold for hours at a time to speak with anyone.
3. When you finally get in contact with someone, the person on the line will flatly refuse to give their real name so they can remain anonymous. They will instead give you their first name only and an agent number. If you ask them who you can call to find out their real name or even if the first name they gave you was their real name, they will say they can't help you. They then use that anonymity to evade responsibility for bad or downright wrong and fraudulent advice they give you. Hypocritically, they will ask just about EVERYTHING about YOUR personal life and completely invade your personal privacy, using the excuse that they have to authenticate who you are. We told them that we would like to go into our local office to negotiate using a PIN (personal identifying number) over the phone so they couldn't invade our privacy like that and they said they couldn't help us. HYPOCRITES!
4. Because they are speaking anonymously to the callers, they have a license to be downright rude and frequently are. If you claim that you aren't a "taxpayer" but want help understanding your legal responsibilities they will frequently pull all kinds of guilt trips on you about how you should feel ashamed for "not pulling your weight" or "paying your fair share".
5. If you have to get back to them later with information they asked for, you can't talk to the person you spoke with before. There is no way to reconnect with the same person you spoke with before because they don't have individual numbers. This simply encourages irresponsibility and lack of accountability. It also forces you to have to review in excruciating detail all of the history of your case to EVERYONE you speak with, which simply makes it more difficult to deal with the specific issues that you have.
6. They will grill you for private information about yourself on the excuse that they need it for identification. They will ask you about your employment history, your relatives, your home address, and any number of other private details about yourself. If you don't reveal them, they will refuse to talk to you, as though this is a "privilege" (remember section 4.4 where we talked about "Government-instituted slavery using 'privileges'?)". If you tell them you'd like to negotiate a pin number or something by going into their office or mailing them a form so you don't have to share private or intimate details, they will say they can't help you because what they really want is to invade your privacy and make you a hunted animal using information illegally coerced out of you about yourself in violation of your Fifth Amendment rights!

All of the above exasperating defects in the quality of IRS service are deliberately designed to communicate one consistent and discouraging message to American Citizens:

> *You're a "taxpayer" and don't argue with us to the contrary! Shut up and do what we tell you in our fraudulent publications, or we will make your life exasperating and difficult and administratively and legally intensive as a punishment. We want you to put your tail between your legs and say:*
>
> *"Go ahead and take the money, but please don't hurt me!"*
>
> *We don't have to respect your due process rights or justify anything we do, because you are a citizen with no rights living in the socialist federal zone. We aren't here to serve you, you are here to serve us and don't forget it! We don't have any responsibility to answer to anyone or be accountable because we are the master and you are the slave. Even if we do something wrong, you can't hurt us because you don't even know who we*

Copyright Christopher M. Hansen

> *are, and that's why we can and will be so rude to you on the phone. Anonymous harassment is part of the "psyops" we play to keep you fearful and compliant so we can illegally extort booty from you and subject you to involuntary servitude and slavery. We are the "matrix", and you will be assimilated or destroyed. Now hook up the umbilical to the back or your head called the social security number and give us that number, so we can rape you and beat you into submission with our merciless due process violations.*
>
> *If you don't shut up and do as you are told, we'll sick our greedy and treacherous DOJ lawyers on you, and if you get your own lawyer, the litigation will cost you more than the tax you owe, so its more cost effective to just shut up and let us extort your money, even if it does violate the law!*

The above is pure evil and the worst kind of tyranny that our founding fathers warned us about! Why do we put up with this kind of evil from our own government?

7.8 Tax "Misenforcement"

The subsections below describe the process the IRS uses to unlawfully prosecute citizens and illegally extract taxes out of them. The subsections appear in the general sequence that they are executed by the IRS.

7.8.1 What To Do When the IRS Comes Knocking

The following is a guideline to proper conduct becoming a law abiding Citizen when the government -- in this case, the Internal Robbery Squad -- comes a-knockin'. This is not intended as legal advice, merely an example of what other well prepared individuals are known to do. Please note: the following methods are inapplicable to forced entries by gun-toting Special Agents sporting Kevlar body armor and black ski masks.

No, we're speaking of the emphatic knock by IRS Revenue Agents, the unexpected visit that good Americans everywhere dread to contemplate. After mentally arming yourself however, such an experience can prove invaluable in enhancing your self-confidence and sense of citizenship.

First of all, please remember that you are the master and these uninvited visitors are your public servants. Remember also -- assuming that you're still donating annual tax tribute -- that it's your hard-earned tax "dollars" that allow these federal actors to pay off their mortgage, put their kids through college and otherwise pursue their chosen career (one which most Americans rank just below attorneys). Stop and ask yourself: are their tax payments contributing to YOUR lifestyle?

All good Americans, regardless of whether or not they've volunteered to commit financial suicide on a Form 1040, need to be prepared for the eventuality of this federal encroachment on their doorstep. Which means, class, that it's time for a "weapons" check!

You should at all times have a functioning and fully loaded video recorder (fully charged battery and fresh tape) at the ready. In the alternative, an audio cassette recorder or micro cassette recorder loaded with fresh batteries and a fresh cassette tape will do. The digital type of audio recorder will do as well, unless of course the batteries should die, in which case you would lose your recording, which is why we still cling to our trusty old analog Radio Shack audio cassette recorder.

Be sure to take your recorder with you in your briefcase or purse when out of the house. You never know when you might need it to record other capricious acts of tyranny or selective prosecution, including a "random" traffic stop (read Boston T. Party's "You And The Police", available at http://www.javelinpress.com/).

You will also need two photocopies of Internal Revenue Code section 7608 on hand (see below). Be sure to always keep them next to the door.

Copyright Christopher M. Hansen

IRS agents usually travel in pairs so, as the old joke goes, "one can lie and the other one swear to it." When you squint through the peephole and spot these characters on your doorstep (which, of course, could be prevented in the first place by clearly posting the gate across your driveway "No Trespassing"), you must immediately take charge of the situation.

Before opening the door, especially if you're a single woman living alone, shout out loudly "I'll be right back, boys. Keep practicing those kidney jabs." Anything similar will do.

Whip open the door and throw your visitors off guard by acting elated to see them, clasping your hands together with glee and stating that you really appreciate the visit. Agents are programmed to view the public as a zookeeper does the inmates, fully expecting them to become agitated when their cage is rattled. Citizens whose cordial demeanor falls outside of expected behavioral norms has caused more than one agent's circuitry to malfunction.

If you need to go get your recorder, tell them you'll be right back, close the door swiftly and go get it. Never under any circumstances allow the government to enter your premises without a search warrant. IRS agents are trained observers and may make inferences about your lifestyle from your furnishings, etc.

After enjoying a leisurely cup of coffee and catching up on the latest cartoonery on CNN, return to the door and immediately obtain their full attention by whipping out your trusty recorder (already in record mode) and pointing the glowing red dot (record mode indicator) in their general direction. Stay outside your front door with the door closed behind you (but don't lock yourself out!), or at least closed enough so they can't see inside.

If they haven't yet retreated, continue by explaining:

"You know, in spite of the fact that I find it incredibly rude and boorish to bother a busy person without an appointment, I know from what I've read in the papers lately that things have been pretty rough for you folks, what with 1 in 5 Americans no longer filing returns, so anything I can do to help boost your collection performance bonuses will be just great. Actually, I'm so pleased you're here because I've been concerned I wasn't paying my correct fair share, which as far as I can tell from reading the tax code, is zero. But I'm sure you can help me confirm that. Now, since I can't possibly take notes as fast as you can talk, I'm going to record this conversation in case I need to introduce it into evidence in a criminal case against either or both of you for fraud and extortion."

You might want to say this with the genuine and slightly deranged smile of someone who really enjoys suing people! If they're still standing there (and that is questionable at this point), ask them "Now, who are you and what do you want?" If they answer by asking who you are or inquiring, "Are you John Jones?", tell them "I might be John Jones, but that depends on who's asking." Keep up this light comedic banter until they clearly identify themselves as being from the IRS. Then ask, "Now could you please give me your real names, not the aliases the Treasury Employee Union suggests that you use to protect yourselves from potentially dangerous members of the pubic?".

If this doesn't cause them to immediately evacuate the crime scene (and it may not if they're running below their extortion quota for the week), demand that they prove their identities by producing their government identification. Explain that a local newspaper reported that two escapees from a mental institution were recently seen in the neighborhood posing as IRS agents, and you don't want to take any chances. Besides, the escapees were wearing cheap suits and they fit the exact description in the article.

Make sure they hold their badges close enough so you can read the information clearly out loud for the recorder. Also, state clearly for the record the date, the time and your present location. Then ask for their delegation of authority orders. Explain that they have no right to speak to you without clear authority delegated down from the Secretary of the Treasury through the Commissioner of Internal Revenue.

At some point along about now, assuming they still haven't fled, they may ask you a question or two. Never, ever answer a direct question. Always respond with a question of your own. Bear in mind that agents traveling in pairs often display the "good guy, bad guy" strategy. One acts aggressive (too much testosterone), while the other poses as your friend, "protecting" you from his overly aggressive buddy.

Copyright Christopher M. Hansen

If you observe this happening, always ask the "friendly" one, "Say, are you guys using that old "good guy, bad guy" bit where one of you acts aggressive with too much testosterone while the other one acts like my friend, protecting me from his overly aggressive buddy? I LOVE that bit! I saw it again last night on an old James Cagney flick. Can you do it some more so I can get it on tape?"

If they're still standing there (because they really, really need the performance bonus), here's an example of how some further light comedic interchange might go:

Agent: "We have no record of receiving a Form 1040 from you for the year 1999."

You: "Gee, was I supposed to file one on exclusively domestic sources of income?"

Agent: "All are required to file. Voluntary compliance says you must comply. All must pay."

You: "No kidding? Can you show me where it says that in the Law? Do they wind you guys up each morning before you leave the office?"

Agent: "We don't have to show you. We're from the IRS."

You: "You don't? Really? Is this Cuba? I thought we were still in the U.S. Hey, are you guys really from the IRS, or are you part of some new government cloning experiment?"

Here's another example -

Agent: "According to our records, you owe us $20,422,39 in unpaid 1040 tax for the year 1999."

You: "Really? No kidding! Wow, that sounds like about as much as you guys probably make in an entire year. How much do you guys make, anyway? I didn't know 1040 was a tax, I thought it was a return. Can you show me where in the Internal Revenue Code Congress defined the 1040 as a tax? Are you sure you guys are really from the IRS? Hey, didn't I see you on an episode of 'The Stepford Wives'?"

I'm sure you can think of numerous other examples. Role-play this type of light comedic banter with your friends and acquaintances until you find yourself comfortable fielding all sorts of inane, tax-related questions.

At some point during this frivolity, act totally surprised as if you've suddenly forgotten something (slapping yourself in the forehead is effective for emphasis) and ask if they've come to visit you pertaining to subtitle E? They will have no idea on Earth what you're talking about, so explain to them that subtitle E of the tax code covers alcohol, tobacco and firearms. Ask them if they're alleging that you're involved in any activity pertaining to those areas.

If they haven't left yet, whip out a photocopy of code section 7608 and hand it to them, while reading from your own copy (now you know why you need two copies). Be sure to speak clearly so you get this all on tape for the record. It will also make for a hilarious good time when you play this tape at your next family gathering or church social. Point out to them that code section 7608 is their "job description" straight from Congress. It's their sole duly authorized function as revenue agents.

Here's what 26 Title Section 7608 "Authority of internal revenue enforcement officers" actually says:

> *(a) Enforcement of subtitle E and other laws pertaining to liquor, tobacco, and firearms. Any investigator, agent, or other internal revenue officer by whatever term designated, whom the Secretary charges with the duty of enforcing any of the criminal, seizure, or forfeiture provisions of subtitle E or of any other law of the United States pertaining to the commodities subject to tax under such subtitle for the enforcement of which the Secretary is responsible may - (1) carry firearms; (2) execute and serve search warrants and arrest warrants, and serve subpoenas and summonses issued under authority of the United States; (3) in respect to the performance of such duty, make arrests without*

Copyright Christopher M. Hansen

> *warrant for any offense against the United States committed in his presence, or for any felony cognizable under the laws of the United States if he has reasonable grounds to believe that the person to be arrested has committed, or is committing, such felony; and (4) in respect to the performance of such duty, make seizures of property subject to forfeiture to the United States.*

Ask them to let you know where in the tax code it says anything at all about their authority to come bother you over income tax under subtitle A or social security employment tax under subtitle C? When they act perplexed, ask them to read 7608 again. Remind them, "You know, fellas', this is your job description written by Congress. Any activity beyond this would constitute criminal racketeering in your own capacity, outside of any government immunity." Once the light starts to dawn, now ask, "Now which one of you wants to be listed first on my letter to the Attorney General reporting fraud and extortion?"

If they aren't running to their car at this point, ask them to please wait a minute so you can go get your phone and dial "911" to report a robbery in progress. Call out after them, "Hey, wait! Come back! You haven't answered my questions!

I need your office number and address for my criminal complaint!"

If possible, videotape them slinking away to their government sedan and get the license plate numbers. Now hire a local private investigator to "run the tags" through the DMV computer and trace the car to the IRS office that spawned them. Call them on the phone the next day and inform them that you want to submit the video to "America's Funniest Home Videos" and would they be willing to sign the consent waiver?

Consider running this tape for free on local cable TV under "Equal Access" and/or putting up a web site and streaming the audio or video. Use your imagination and you'll think of dozens of other ways to use this primary source footage showing IRS fraud in action to awaken your fellow citizens. Citizenship in action is always good, clean fun.

To summarize the steps you might wish to take when the IRS comes knocking:

1. Put together a kit accessible for this purpose and keep it in your home or briefcase (and hope you never have to use it). It is always prudent to be prepared for anything and have your response laid out in advance. This puts you in the drivers seat and allows you to maintain control.
2. Always have a video recorder or some sort of tape recorder with fresh batteries handy.
3. Have two photocopies of Internal Revenue Code section 7608 on hand. Be sure to always keep them in your briefcase or next to the door.
4. Never under any circumstances allow IRS agents (or government actors at any level) to enter your premises without a search warrant signed by a judge.
5. Whip out your trusty recorder (already in record mode) and aim it at them.
6. If they're still standing there, ask them who they are and what they want. Answer all questions with questions.
7. Get their identification information and delegation of authority orders.
8. Ask if they've come to visit pertaining to subtitle E? Hand them code section 7608 while you read it to them from your own copy. Ask them if they're alleging that you're involved in any activity pertaining to those areas. Get it all on tape.
9. Ask, "Now which one of you wants to be listed first on my criminal complaint to the Attorney General for fraud and extortion?"
10. Tell them to go back to the office and put it in writing. If you are a member of The Save-A-Patriot Fellowship, this correspondence will be replied to under power of attorney by your case worker in the Case Development Department (if an IRS matter) or by a paralegal (if a State tax agency matter).
11. If they issue a summons and they are investigating you and not your business, make sure you respond by showing up. When they ask you questions at the subsequent deposition, take the Fifth Amendment to EVERY question. It is well within your rights to do so, even though they are likely to try to intimidate and trick you into answering questions and surrendering your Fifth Amendment right not to incriminate yourself. Note that if the IRS is investigating businesses instead of individuals, then under the collective entity rule, you don't have fifth amendment protections so you had better answer all questions given to you. If you lie and they can confirm that lie by depositioning someone else in the business, then you can be prosecuted for obstructing justice and fraud!

Copyright Christopher M. Hansen

12. *Do NOT, under any circumstances, tell them whether or not you have any business records, because once you do, they can compel you to produce them and the act of compelling the production of them will NOT be treated by the courts as a violation of your fifth amendment rights.*
13. Remember the Boy Scouts' motto "Semper Paratus!"

7.8.2 Anonymous Harassment

Another common tactic of the IRS is to send anonymous harassing letters and Civil Notices to scare you. We call this "facsimile warfare." The letters will not be signed or connected with a specific employee's name and will not have a return address or phone number to reply to. They will most often do this to citizens who clearly understand their rights, because they want to scare you into "volunteering to pay", but don't want to be accountable and know if they identified themselves, they could be prosecuted under 26 U.S.C. §7214. They will achieve anonymity by:

1. Refusing to sign correspondence they send you.
2. Not including their name or mailing address.
3. Not including an email address.
4. Not including a phone number.

They figure that if they can scare you bad enough, they can extort yet another groundless penalty out of you. This kind of harassment is can be stopped easily by responding to them with questions about the purpose of the assessment. This puts a wrench in their trickery, since they are required to respond as part of the Civil procedure. The response, if there ever is one, is usually another form letter stating that you are a tax protester and that there is no legal requirement for them to answer your questions. If you echo their thug-like threats by telling them to take you to court, they are seldom willing to oblige.

7.8.3 IRS' "Alien" Destruction[57]

Once it has targeted its victims for audit, investigation, assessment and seizure, the IRS will try to take three things away from them: their money, their time, and their reputation.

Their money, whether in electronic form or hand cash, in other assets such as personal property, or in the form of expenses defending themselves against IRS corruption and ignorance.

Their time in audits, hearings, extended periods of forced study to learn enough to defend themselves, in sleepless nights worrying about it all, or in having to work another job to cover the added expenses that are being incurred.

And their reputation by using invective, lying, misrepresentations of the Citizens words or position, or simply in taking action against them that is not justified.

Regrettably, the mindset of many average Americans today, including jurors is: 'They're doing it to him, so he must deserve it."

Yet IRS commission, Margaret Milner Richardson who was sworn in as the 44th IRS Commissioner on May 12, 1993, states in her "Dear Taxpayer" preface to the 1994 Form 1040 instruction workbook:

"I want you to know that the "S" in IRS represents a commitment to serve you."

It took me several minutes to stop wiping my eyes and fully recover from the wild fit of side-splitting laughter that remark threw me upon first reading it. Isn't it heartwarming? It reminds me of the 1950's science fiction movie in which apparently benevolent aliens land on Earth and donate a book to mankind titled ***To Serve Man.*** When translated, it turns out to be a cookbook!

[57] *Losing Your Illusions*, Gordon Phillips, pp. 16-17.

Copyright Christopher M. Hansen

Ms. Richardson goes on to list under "Customer Service Standards":

> *"Our goal is to answer your questions.. accurately."*

That certainly came as news to me, considering that the IRS will readily admit that it takes no responsibility for the accuracy of the information given out by its personnel to members of the public who call on the phone to get their questions answered. The Internal Revenue Manual, or "IRM" for short, is the actual employee handbook for IRS agents. It states under section 1218, titled "Policies of the Internal Revenue Service, at part P-1-156, the following policy:

> *"Keeping the taxpaying public informed by communicating provisions of the law in understandable terms...*

Part P-1-179 states:

> *"The Service recognizes the people's right to know about their tax laws and the manner in which they are being administrated."*

Part P-6-10 states:

> *"The public impact of clarity, consistency, and impartiality in dealing with tax problems must be given high priority."*

Part P-6-12 states:

> *"The Service will issue quality responses to all taxpayer correspondence. Taxpayer correspondence is defined as all written communication from a taxpayer or his/her representative, excluding tax returns, whether solicited or unsolicited. This includes taxpayer requests for information, as well as that which may accompany a tax return; responses to IRS requests for information; and annotated notice responses.*
>
> *A quality response is timely, accurate, professional in tone, [and] responsive to taxpayer needs."*

Part P-6-20 states:

> *"The Service will develop and conduct effective programs to make available to all taxpayers comprehensive, accurate, and timely information on the requirements of tax law and regulations.*
>
> *Positive efforts will be made to determine taxpayers' needs and to effectively meet these needs. Information will be provided through a variety of means, including telephone and office assistance programs..."*

Boy, that all sure sounds good on paper, doesn't it? Of the many people I know who have written a simple question such as: "Dear IRS, Could you please cite for me the code section requiring a Citizen working within the 50 States to file an income tax return?", to this date, not a single one of us has every received an answer, never mind an accurate one. The IRS simply ignores all such letters. So much for the "S" in "Service"! How about "Slaughter", "Subjugation", or "Surrender"?

So much for being "treated fairly, professionally, promptly, and courteously." So much for "clarity, consistency, and impartiality in dealing with tax problems." So much for "a quality response...timely, accurate, professional in tone, [and] responsive to taxpayer needs." What a joke!

In speaking of recent improvements in IRS procedures, Ms. Richardson recently boasted that IRS "lifestyle audits", meaning prying through personal belongings, shopping habits, and bank accounts for evidence that their lifestyle doesn't match their tax returns, allows IRS agents to now:

Copyright Christopher M. Hansen

"...audit the taxpayer, not just the tax return."

One of the IRS' best audit investigation techniques is to interview family members, neighbors, and co-workers to "dig up the goods" on the targeted victim.

Most of these people can be counted upon to start knocking at the knees and turn "instant informant" in order, in their minds, to protect themselves from the IRS, even though they are not the subject of the audit and have nothing to do with it. Such is the shameful behavior that can be wrought through decades of brainwashing and intimidation. These citizens should properly tell the IRS agent:

"Have you read U.S. Code section 7608 lately? Do you have an appointment? I'm busy--come back when you have the proper court order. In the meantime, have a nice day"

and close the door.

7.8.4 Encouraging Employer Withholding "Misrepresentation"

The lies of the IRS start with the way they structure the Form W-2. They design this form and they mandate its use by employers. Block 1 of form W-2 is called "Wages, tips, and other compensation." How does this number, which is just "remuneration", become taxable "gross income" under the legal definitions found in 26 CFR § 61 for "gross income"? Your employer is basically coerced by the IRS into becoming an involuntary withholding agent for the IRS and is not told the truth about the relationship between "gross income" or "wages, tips, and other compensation". He is not told the truth that "wages, tips, and other compensation" ought to ONLY reflect *foreign, nonresident alien income?* The only way you can fix this kind of a recurring problem is:

1. IN THE SHORT TERM: To file an IRS form 4852 with your 1040 form. This form is an amended W-2 that fixes the amounts reported by your employer to make block 1, "wages, tips, and other compensation" equal to zero if all income is domestic (from the 50 states) income of a U.S. citizen.
2. IN THE LONGER TERM: Show your employer the laws and get them to stop reporting amounts from domestic income as "Wages, tips, and other compensation". And if you have no domestic income that is taxable, there is no reason for him to have to withhold or report anything to the IRS on a W-2. This will keep your information out of their computers and prevent you from having to file a 1040 form, in most cases. Remember that you only have to file the 1040 form if you have taxable income!

Without correcting this problem of reported amounts immediately and completely, you are guaranteed to lose most tax-related federal court hearings initiated against you by the IRS, because the judge will automatically assume that "wages, tips, and other compensation" reported on your W-2 form as prima facie evidence are indeed "gross income" under the legal definition found in 26 U.S.C. §61. You ultimately want to get to the point where your employer doesn't file W-2's because you have no "gross income" that the IRS can lay a claim on. You can do this by either not filing a W-4 at all or filing a W-4E. However, the W-4E approach is not recommended and gets people in trouble most of the time.

7.8.5 Taxpayer Penalties and Interest

Penalties is discussed in the Internal Revenue Manual (IRM), Part 20, available on the web at:

http://www.irs.gov/prod/bus_info/tax_pro/irm-part/part20.html

Ironically, the IRS never tells you anywhere in their publications or on the phone what the law actually says about penalties in 26 CFR §301.6671-1(b), which clearly says that penalties may only be imposed on officers or employees of federal corporations or partnerships. Why? Because as we concluded earlier in section 5.1.2, the income tax is an indirect excise tax! We cover this subject in much more detail earlier in section 5.4.4. They also never tell you that there are no

Copyright Christopher M. Hansen

implementing regulations that apply any kind of penalties for the tax imposed in Subtitle A of the Internal Revenue Code. We cover this subject in section 5.4.5 for more details on this.

Below are some of the penalties:

Table 7-2: Taxpayer Penalties reference

Description	*IRM section*
Failure to File	120.1 Ch. 2
Estimated Tax Penalties	120.1 Ch. 3
Failure to Deposit Penalties	120.1 Ch. 4
Return Related Penalties	120.1 Ch. 5
Preparer/Promoter Penalties	120.1 Ch. 6
Information Return Penalties	120.1 Ch. 7
International Penalties	120.1 Ch. 9
Misc. Penalties	120.1 Ch. 10

NOTE: Most citizens in fact aren't "taxpayers" liable for tax, but become liable anyway by submitting a W-4 and filing a 1040 form they didn't need to file. Therefore, none of these penalties apply to them unless the IRS can demonstrate liability.

7.8.6 Employer Penalties and Interest

Penalties is discussed in the Internal Revenue Manual (IRM), Part 20, available on the web at:

http://www.irs.gov/prod/bus_info/tax_pro/irm-part/part20.html

Ironically, the IRS never tells you anywhere in their publications or on the phone what the law actually says about penalties in 26 CFR §301.6671-1(b), which clearly says that penalties may only be imposed on officers or employees of federal corporations or partnerships. Why? Because as we concluded earlier in section 5.1.2, the income tax is an indirect excise tax! We cover this subject in much more detail earlier in section 5.4.4. They also never tell you that there are no implementing regulations that apply any kind of penalties for the tax imposed in Subtitle A of the Internal Revenue Code. We cover this subject in section 5.4.5 for more details on this.

Below are some of the penalties:

Table 7-3: Employer Penalties reference

Description	*IRM section*
Failure to File	120.1 Ch. 2
Estimated Tax Penalties	120.1 Ch. 3
Failure to Deposit Penalties	120.1 Ch. 4
Return Related Penalties	120.1 Ch. 5
Preparer/Promoter Penalties	120.1 Ch. 6
Information Return Penalties	120.1 Ch. 7
Employer Plans and Exempt Organizations Penalties	120.1 Ch. 8
International Penalties	120.1 Ch. 9
Misc. Penalties	120.1 Ch. 10

Below is a summary of the penalties, as appearing on a recent correspondence from the IRS to an employer for employment tax withholding:

Table 7-4: Employer Penalties

#	Title	Penalty

Copyright Christopher M. Hansen

1	Late Filing	4.5%/month on unpaid balance up to five months late for a maximum of 22.5%
2	Paying Late	0.5%/month on unpaid balance up to a maximum of 25%
3	Unpaid tax interest	paid tax for each month or part of a month your return is late, but not for more than 5 months.
4	If you don't file your return within 60 days of the due date	Minimum penalty is $100 or 100% of the balance due, whichever is smaller.
5	Penalty for late payroll tax deposits due after Dec. 31, 1989	2%-Deposits made 1-5 days late 5%-Deposits made 6-15 days late 10%-Deposits made 16 or more days late 10%-Deposits made to an unauthorized financial institution, or payments made directly to the IRS.
6	Penalty for failure to pay tax (FTP) for individuals who file a return of tax on or before the due date (Including extensions) but after Dec. 31, 1999.	Limited to half the usual rate (0.25 % rather than 0.5%) for any month in which the installment payment agreement is in effect.

When you don't pay the amount you owe within 10 days of the date of the first notice sent by the IRS showing tax due, IRS will automatically increase the penalty rate to 15% and include the penalty in the next bill.

If you believe the IRS computed the penalty incorrectly, then you should send a complete breakdown of your tax liability by filing in the form 4977, Schedule B for Tax years before 1993, or form 941, Schedule B for tax years 1993 and later, or form 945-A.

If you think the IRS should remove or reduce penalties, see "removal of Penalty." Also see Publication 15,-Circular E-Employer's Tax Guide, for Deposit Requirements. If the IRS issues a Notice of intent to levy and the employer doesn't pay the balance due within 10 days from the date of the notice, the penalty increases to 1% a month. (NOTE: IRS will not reduce the 1% FTP even if you filed timely and have a valid installment agreement).

The penalty can't be more than 25% of the tax paid late. If the employer thinks the IRS should remove or reduce the penalty, see "Removal of Penalty—Reasonable Cause."

7.8.6.1 Removal of Penalty

Reasonable Cause. The law lets the IRS remove or reduce the penalties the IRS explains in the notice they send you if you have an acceptable reason. If you believe you have an acceptable reason, the employer may send the IRS a signed statement explaining his reason. The IRS will review it and let the emplo7yer know if they accept the explanation provided as reasonable cause to remove or reduce the employer penalty. This procedure doesn't apply to interest and, in some cases, IRS may ask employer to pay the tax in full before they reduce or remove the penalty for paying late.

7.8.6.2 Erroneous Written Advice from IRS

IRS will also remove your penalty if:

- You wrote to IRS and asked for advice on a specific issue
- You gave IRS complete and accurate information
- IRS wrote back to you and gave you a specific course of action to take or explained what actions not to take
- You followed the written advice in the manner outlined by the IRS, AND
- You were penalized for the written advice given by the IRS.

To have the penalty removed because of erroneous written advice from the IRS, you should:

Copyright Christopher M. Hansen

- Complete form 843, claim for refund and request for abatement.
- Request that IRS remove the penalty, and
- Send form 843 to the IRS service center where you filed your return for the year you relied on erroneous advice from the IRS.

The three documents you must attach to your form 843 are:

- A copy of your original request for advice from the IRS.
- A copy of the erroneous written advice from IRS, AND
- A notice (if any) showing the penalty charged by the IRS that you now wish to have removed.

7.8.6.3 Interest Rates for Overpayment or Underpayment of Taxes

Interest Rates on underpayment and overpayment of taxes are as follows:

Table 7-5: Interest Rates for Overpayment or Underpayment of Employment Taxes

Date range	*Underpayment Percentage Rate*	*Overpayment Percentage rate*
October 1, 1998 through March 31, 1989	11	10
April 1, 1989 through September 30, 1989	12	11
October 1, 1989 through March 31, 1991	11	10
April 1, 1991 through December 31, 1991	10	9
January 1, 1992 through March 31, 1992	9	8
April 1, 1992 through September 30, 1992	8	7
October 1, 1992 through June 30, 1994	7	6
July 1, 1994 through September 30, 1994	8	7
October 1, 1994 through March 31, 1995	9	8
April 1, 1995 through June 30, 1995	10	9
July 1, 1995 through March 31, 1996	9	8
April 1, 1996 through June 30, 1996	8	7
July 1, 1996 through March 31, 1998	9	8
April 1, 1998 through December 31, 1998	8	7
January 1, 1999 through March 31, 1999	7	7
Beginning April 1, 1999	8	8

Beginning January 1, 1999, the interest rate the IRS pays on overpayment of taxes, except for corporate taxes, is the same as the rate of interest charged on the underpayment of taxes. The law requires the IRS to redetermine these interest rates quarterly. From January 1, 1987 through December 31, 1998, the interest rate the IRS pays on overpayment of taxes was one percent less than the rate of interest the IRS charged on your underpayment of taxes.

Interest is compounded daily except on estimated taxes for individuals or corporations.

The IRS charges a special interest rate of 120 percent of the underpayment rate if:

- The return, not including extensions, is due before January 1, 1990.
- The underpayment is more than $1,000, and
- The underpayment came from a tax-motivated transaction.

The IRS charges interest on penalties for late filing, over or understating valuations, and substantially understating the tax you own. Also, the IRS charges interest on fraud and negligence penalties if the tax returns, including extensions, are due after December 31, 1988.

The IRS will continue to charge interest until you pay the amount you own in full.

Copyright Christopher M. Hansen

After December 31, 1990, the law allows the IRS to charge interest at the underpayment rate plus two percent on underpayments of more than $100,000 for large (*C) corporations.

Corporate interest—The IRS charges additional interest of 2% when corporations don't' make corporate tax payments within 30 days after IRS notifies the company of the underpayment of tax. This interest begins on the 31st day after the IRS notifies you of the underpayment on tax amounts owed over $100,000, minus your timely payments and credits.

7.8.6.4 Interest Reduced

If the IRS reduces interest that the employer previously reported as a deduction on their tax return, they must report this reduction of interest as income on their tax return for the year to reduce it.

7.8.6.5 26 U.S.C. §6682 Penalties: Underreporting of income by an Employer

Penalties can be assessed under 26 U.S.C. §6682 against an employer in the amount of $500 when they under-report income that should be deducted from employee pay as described in 26 U.S.C. §3402 and 3405. See the following website to read the law:

http://uscode.house.gov/

7.8.7 Notice of Deficiency

A Notice of Deficiency is a computer-generated form sent by the IRS to a delinquent Citizen notifying them of a questionable tax situation where the IRS believes that they owe taxes that haven't paid. It is often triggered by receipt of W-2's from an employer with no corresponding 1040 tax form. Section 6212 of the Internal Revenue Code (also called Title 26 of the Code of Federal Regulations) defines how and when Notice of Deficiencies are assessed on Citizens. Here is the law:

> *"SECTION 6212 'NOTICE OF DEFICIENCY'*
>
> *(a) In General--If the Secretary determines that there is a deficiency in respect of any tax imposed by Subtitle A and B and excise taxes imposed or chapters 41, 42, 43, or 44, he is authorized to send a notice of deficiency to the taxpayer."*

The Notice of Deficiency case status appears in your IRS Individual Master File (IMF) as transaction code 494. One very common IRS tactic is to mail the Notice of Deficiency the wrong address and to refuse to answer questions about it. This will perpetuate your ignorance in legally defending yourself. It will deprive you of the evidence you need to win your case.

Deficiencies do not relate to voluntarily filed returns made under the provisions of Subtitle C of the IRC. The misapplication of the law by the IRS personnel is graphically demonstrated by provisions pursuant to Subtitle A pertaining to citizens.

United States citizens living and working within the 50 states may claim their lawful exemption under the provisions of the federal regulation 1.1441-5. The exemption applies to tax under Subtitle A, a tax to which citizens are not subject!

Below is a sample of what it might look like:

Copyright Christopher M. Hansen

1

Department of the Treasury
Internal Revenue Service
Andover, MA 05501

Date of this notice: DEC. 1, 1999
Taxpayer Identification Number
Form 1040A Tax Period: DEC.31, 1999

2
3 JOHN A. DOE 617-536-1040 LOCAL BOSTON
4 1-800-829-1040
5 CALLER ID: 432459

6

7

8 REMINDER OF OVERDUE TAX

9 WE ARE REQUIRED BY LAW TO CONTACT YOU IN WRITING REGARDING YOUR BALANCE DUE
10 ACCOUNT AT LEAST ONCE A YEAR. IF THE IRS RECENTLY CONTACTED YOU ABOUT THIS MATTER
11 OR YOU HAVE ALREADY MADE ARRANGEMENTS TO PAY THE BALANCE DUE, PLEASE DISREGARD
12 THIS NOTICE.
13 OUR RECORDS SHOW YOU STILL OWE A BALANCE FOR TAX PERIOD ENDING 2000. THE
14 AMOUNT YOU OWE IS $21,000. WE FIGURED THIS AMOUNT BY ADDING:

15 AMOUNT UNPAID FROM PRIOR NOTICES $0
16 PENALTY FOR LATE PAYMENT $245
17 INTEREST ON LATE PAYMENT $123

18 THE AMOUNT UNPAID FROM PRIOR NOTICES MAY INCLUDE TAX, PENALTIES, AND INTEREST
19 YOU STILL OWE IRS. IT ALSO SHOULD REFLECT ANY CREDITS(S) AND PAYMENT(S) TO YOUR
20 ACCOUNT SINCE THE LAST NOTICE WE SENT YOU. THE PENALTY AND INTEREST LISTED ABOVE
21 ARE BASED ON BOTH ANY UNPAID AMOUNT AND ANY AMOUNT YOU PAID LATE AFTER WE SENT YOU
22 THE PRIOR NOTICE.
23 TO AVOID ADDITIONAL PENALTIES AND INTEREST, PLEASE PAY THE AMOUNT YOU OWE BY
24 DEC. 12, 2000. TO ARRANGE PAYMENT, OR IF YOU BELIEVE OUR FIGURES ARE NOT CORRECT,
25 PLEASE CONTACT THE IRS EMPLOYEE ASSIGNED TO YOUR CASE OR CALL THE NUMBER SHOWN
26 ABOVE.
27
28

Copyright Christopher M. Hansen

7.8.8 Examination Meeting

Examination Meetings are described in the Internal Revenue Manual, Part 4, available at:

http://www.irs.gov/prod/bus_info/tax_pro/irm-part/part04.html

The Examination Meeting is a meeting scheduled after receipt of a Notice of Deficiency by a "victim" Citizen targeted for interrogation by the Department of Plunder. A representative from the IRS as well as the Citizen are normally present at this meeting. Some Citizens also bring their accountant, tax preparer, and/or tax attorney to this meeting to answer questions posed by the IRS agent.

It is extremely important that you do the following both before and during the examination meeting:

1. Before the meeting:
   - 1.1 Send a registered letter to the IRS agent assigned to your case at least a couple weeks prior to the examination meeting explaining what you expect out of the meeting. Mention the items below so they have adequate time to prepare a defense and bring the evidence to the meeting that is needed to make their case.
   - 1.2 Research the tax law and ensure that you know the law very well and are organized in your presentation.
   - 1.3 Organize your papers and evidence carefully, so you can quickly answer any questions.
2. During the meeting:
   - 2.1 Obtain copies of all evidence available to the IRS AT THE MEETING and not later.
   - 2.2 Answer all questions from the IRS truthfully and honestly and completely.
   - 2.3 Don't get distracted by details, but focus on the BIG issues, which are:
     - 2.3.1 The definition of "gross income".
     - 2.3.2 26 U.S.C. §861/source issues.
   - 2.4 Try to shift the burden of proof from you to the IRS by exposing any "naked assessments" (that is, assessments that are based on wild guesses rather than actual evidence which they are obligated to present you with). You can be badly victimized later in court by the arbitrary whims of the IRS agent if you don't promptly challenge "naked assessments" at these meetings. See section 8.2.5.3 ("Challenge IRS Jurisdiction: Shifting the Burden of Proof") for further details on shifting the burden of proof.

We cover in extreme detail how to handle your examination meeting or audit or due process hearing later in sections 8.5.4.17 and 8.5.4.18.

7.8.9 The 23C Assessment Form

> *"A reasonable construction of the taxing statutes does not include vesting any tax official with absolute power of assessment against individuals not specified in the states as a person liable for the tax without an opportunity for judicial review of this status before the appellation of 'taxpayer' is bestowed upon them and their property is seized..."*
> ***Botta v. Scanlon**, 288 F.2d. 504, 508 (1961)*

Following the conclusion of the Examination meeting between the citizen and the IRS agent, the revenue officer will prepare a form 23C, which is required as described below:

Internal Revenue Manual 3(17)(63)(14).1

Account 6110 Tax Assessments

Copyright Christopher M. Hansen

> *(2) All tax assessments must be recorded on Form 23C Assessment Certificate. The Assessment Certificate must be signed by the Assessment Officer and dated.* The Assessment Certificate is the legal document that permits collection activity…

All 23C Assessments must be certified as follows in order to be valid:

> *Internal Revenue Manual 3(17)(46)2.3*
>
> *Certification*
>
> *(1) All assessments must be certified by signature of an authorized official on Form 23-C, Assessment Certificate. A signed Form 23C authorizes issuance of notices and other collection action…*
>
> *(2) Some assessments are prescribed for expeditious action as and be certified on a daily basis. These assessments will require immediate preparation of Form 23C from RACS…*

Form 23C is described in Document 7130, IRS Printed Product Catalog as:

> *23C - Assessment Certificate-Summary Record of Assessments*
>
> *Form 23C is used to official assess tax liabilities*. The completed form is retained in the Service Center case file as a legal document to support the assessment made against the taxpayer. *This status notice is reissued to update the status notice file. TR:R:A Internal Use*

It is quite common for the Internal Revenue Officer to improperly certify the 23C Assessment Form by not signing it. Several court cases have ruled that the form is invalid without a legible signature by a revenue officer, including:

> *CURLEY v. U.S., 791 F. Supp 52 (E.D.N.Y. 1992)*
>
> *… [5] Plaintiff relies heavily on Brafman v. United States, 384 F.2d 863 (5th Cir. 1967), where an assessment was invalidated due to the lack of a signature on the 23C Form. This defect, however, was a significant violation of the regulation…*
>
> *…A signature requirement protects the taxpayer by ensuring that a responsible officer has approved the assessment…*
>
> *764 FEDERAL SUPPLEMENT Page 315*
>
> *BREWER v. U.S., 764 F.Supp. 309 (S.D.N.Y. 1991)*
>
> *"…However, there is no indication in the record before us that the 'Summary Report of Assessments', known as Form 23C, was completed and signed by the assessment officer as required by 26 CFR § 301.6203-1.3 Nor do the Certificates of Assessments and Payments contain 23C dates which would allow us to conclude that a Form 23C form was signed on that date. See United States v. Dixon, 672 F. Supp. 503, 505-506 (M.D.Ala.1987). Thus we find that the plaintiff has raised a factual question concerning whether IRS procedures were followed in making the assessments…*
>
> *3 This regulation provides, in relevant part, that "[t]he assessment shall be made by an assessment officer signing the summary record of assessment…"*

7.8.10 Violation of Due Process of Law

Copyright Christopher M. Hansen

> *Due Process of Law: administering of law through courts of justice in accordance with established and sanctioned legal principles and procedures, and with safeguards for the protection of individual rights. As determined by custom and law, due process has become a guarantee of civil as well as criminal rights.*

In the United States, the phrase *due process* first appears in the Fifth Amendment to the Constitution of the United States, ratified in 1791. Because the amendment refers specifically to federal and not state actions, another amendment was necessary to include the states. This was accomplished by the 14th Amendment, ratified in 1868. Thus was established at both federal and state levels that no person "shall be deprived of life, liberty, or property without due process of law."

7.8.10.1 The IRS Publication 1 reveals your rights….. oh, really?

May of 1998 we were examining the case of a Member (Cliff Barnes) who showed us the old IRS Publication 1. We found this helpful in proving the position that the Appeals Conference is required by law. Little did we know at the time, Eddie Kahn had published the flow chart from the Publication in a 1994 book of his. This all seemed to be to no avail as the questions that he was focusing upon in no way addressed the prima facie evidence that was being used against the person to support claims of "Gross Income".

Looking at Pub 1 flow chart more closely when we handled one Member's case where the Examinations Officer sent him immediately to the Appeals Office when he demanded his Appeal Rights. At this point we requested the prima facie evidence and a list of IRS 'witnesses' to be presented, as well as insisting the IRS summons in their witnesses for the member to cross-examine for the record.

The Appeals Office came back and stated clearly to us, and Senator Kohl of Wisconsin, that according to National Delegation Order #4 that the Appeals Office did not have any authority to summons witnesses!

Upon examination of the National Delegation Order #4 we found that they were correct. But since we were mostly looking for due process of law, where a complete administrative record would be made with a full disclosure and opportunity to refute the claimed validity of the IRS evidence, we did not care where due process was provided, only that it was. So, we demanded that the matter be remanded back to the Examination Division who so clearly had the authority to summons witnesses.

The Appeals Office reluctantly agreed. Since then the Examinations Officer has informed us that the prima facie evidence was being obtained from the employer, but has never provided it, and that she does not have authority to summons the witnesses. Well that was interesting regarding the summons authority as the NDO #4 explained that she could do so, if her Manager supervisor signed the Summons under her signature.

We kept Senator Kohl's Office informed of this information, so it will be interesting to see what the IRS eventually decides to do in this case. We hope that they simply 'dead file' the matter.

7.8.10.2 The Continuing search for Due Process of Law

We reviewed the old Publication 1 again.

It only made sense that the Administrative Record be made prior to the Appeals Conference, as how else could there be something to appeal on the Administrative Record if there is no meeting prior to the Appeals Conference?

(IRS time deadlines and our eagerness to run with what we know, in the handling of so many desperate cases, generally keeps us from having enough time to think of everything.)

Reviewing old Publication 1, we recognized something..... the Appeals Conference lead given to us was a dead end.

Copyright Christopher M. Hansen

The Flow chart on Page 2 of the old Publication 1revealed that there were at least 3 prior steps before the Appeals Conference; the Issuance of the Examination Changes, the meeting with the Examinations Officer if you did not agree, and the meeting with the Examiner's supervisor.

7.8.10.3 Tax Court Arrogance

Citations of statutory law would be nice, as this procedure was brought up before the U.S. Tax Court in Helena, Montana, only to be retorted to by the IRS District Counsel in Helena, as a frivolous argument, since there was no statutory citation of law requiring the process. The Judge of the U.S. Tax Court in the case of Arndt v. U.S., apparently concurred with his position, as he completely disregarded the fact that the Tax Court did not have jurisdiction over the case, since Administrative due process and remedy had neither been exhausted nor provided.

After making our best effort to help the Arndt's confront the Tax Court with the facts of the process, and facing such arrogant disregard for the law as enacted by the Congress and the Published Procedures of the IRS, as set forth in the old Publication 1 pursuant to the order of the U.S. Congress in the Tax and Miscellaneous Revenue Act of 1988, we've determined that the U.S. Tax Court is not a place to go and be heard by any means.

One only needs to obtain the transcripts of the Court proceedings to reveal that the Judge gave the Arndt's the opportunity to Appeal his determination against them. Should you review the transcript, you will also see that he reportedly threatened them with over $40,000 in fines if they Appealed his decision.

This was reported to us by the Arndt's, and is a clear display of the arrogance and reckless disregard for the law by the Tax Court. It is just too unfortunate that the Arndt's were not well grounded in the facts and argument of their case to stay on course and undistracted by these ludicrous threats.

7.8.10.4 The Missing Statutory Authority

This event placed us on course to obtain the statutory authority for the due process that was found posted in the old Publication 1. So, we stopped by the local Congressional Office and made a request for all of the information (Public laws, Statutes, Regulations, and Internal Revenue Manual Sections) that revealed our rightful due process of law. In return we received a copy of everything that the Congressional Research Service (CRS) had on file. This was over 300 pages.

On the front page of the report from the Congressional Research Service is an admission of their IRS specialist that she could find no statutory authority for due process of law in Title 26.

7.8.10.5 A New Direction

In the above work since the provision of the above package, a case for a citizen, LaPointe, who had previously provided to the IRS many items, but one of them was a copy of Internal Revenue Manual Part IV, Section 4253.4. This is a very telling provision of the Manual as it covers the Examination Interview, which is said to be the beginning point of communication with the IRS regarding the information that the IRS will be using to produce a Report of Examination Changes.

This section was not just significant within itself, but the overwhelming legal evidence and significance of what it has had to say, revealed a great missing piece in the IRS Administrative Process, that is actually the beginning of our Due Process of Law before the IRS.

The old Publication 1 indicates that our rights regarding IRS procedure begins when the IRS sends us a Report of Examination Changes. This is not apparently true as the old Publication 1 appears to only be focused upon Appeal rights and the Appeals Process.

Could this be why it is not longer in use? Or did it just tell us too much?

Copyright Christopher M. Hansen

If there is an appeals process, there must be a meeting that has occurred previously in order to have a determination to appeal. We can plainly see the determination to occur at step one of the old Publication 1 flow chart, but is there a meeting to occur before and prior to the Examination Report where all evidence pro and con is presented?

7.8.10.6 IRS Presumptions and Due Process

A client is having trouble with a revenue agent proceeding with investigation and collection initiatives in spite of being forced into a "due process" forum where she is required to produce evidence of liability and otherwise prove her case. This is a unique situation for us as IRS personnel in most jurisdictions are respecting if not complying with due process mandates.

This article is being constructed to provide a general framework of current IRS operation, an overview of strategy, and authorities that should to be brought into play in order to force IRS into "due process" forum. I will start with current IRS operation and underlying presumptions

Most everyone who has read this document is familiar with the gross income "source" position advanced here. I won't bother reciting the position in detail, but will merely summarize.

The "normal tax" in Chapter 1, Subtitle A of the Internal Revenue Code is imposed on (1) nonresident aliens, foreign corporations, foreign partnerships, etc., on income derived from sources within the United States, and (2) on citizens and residents of the United States on sources of income specifically identified at 26 CFR § 1.861-8(f)(1)(vi). The sources identified in § 1.861-8(f)(1)(vi) can be broken into three general groups: Income derived from foreign sources, i.e., foreign nations, income from admiralty/maritime jurisdictions, and income from insular possessions of the United States.

We can break down taxes imposed by internal revenue laws of the United States into basically two categories, both of which are excises: First, taxes on "sources" of income, with the source geographical in nature, and second, taxes on income-producing activities, the activity in some way involving or providing access to a government benefit or privilege. I don't care to engage in a lengthy discussion on this point, but will offer analysis by the Congressional Research Service (CRS) then move along.

In the CRS Report for Congress titled "Frequently Asked Questions Concerning the Federal Income Tax" (Dec. 5, 1996, Library of Congress #97-59 A), the first question is, "What specific limitations on the power of Congress to tax are found in the Constitution?"

At the onset, the report breaks taxing authority into two classes, direct and indirect. The former, the report says, must be apportioned, where the latter must be uniform. The last paragraph of the answer confirms that income taxes are excises or indirect taxes:

> *All taxes which are not direct are indirect and subject to the rule of uniformity. The rule of uniformity requires that an indirect tax not discriminate geographically. For example, it would violate the rule of uniformity to enact a special income tax rate for residents of the State of Texas; however, it does not violate the rule to have a special income tax rate for individuals who make over $50,000 per year.*

If the rule of uniformity applies, it is an indirect or excise tax. Since the Congressional Research Service tells us income taxes are indirect taxes, i.e., taxes subject to the rule of uniformity rather than apportionment, we just as well accept the answer. However, we should also understand that where the tax on wages and salaries and the like is not a direct tax, the wage or salary is the measure, not the object of the tax. The tax issues against benefits and privileges, and employees and citizens who receive income from within the 50 states are NOT recipients of any such benefits or privileges. Such employees aren't even deserving of being called "employees" within the strict definitions found in the U.S.C and CFR documented in section 3.6.1 of this document.

Does an Englishman have a right to own and profit from an income-producing enterprise in the United States? No, it is a treaty benefit. Likewise, Americans who own businesses or receive benefits from over-seas investments benefit from

Copyright Christopher M. Hansen

government of the United States negotiating favorable treatment in foreign jurisdictions. This is the rationale behind the Chapter 1 normal tax, which is a species of "income" tax.

Is working for a living a privilege or does it entitle someone to a government benefit or privilege? No, working, as such, is a right, and for most people, a necessity. However, working for government opens the gate to accessing government privileges and benefits, not the least of which is having Uncle Sugar underwrite "credit" for government personnel (See definition of "credit" at 15 U.S.C. § 1604). This is the rationale behind the government personnel tax imposed by Chapter 24 in Subtitle C.

Social welfare taxes in Chapters 21 through 23 are strictly geographical. Ever since the Social Security Act of 1935 was passed, social welfare taxes have been applicable solely in territory belonging to the United States. However, States of the Union accommodate this scam, but not to the extent most people believe. In our respective states, legislatures authorized participation in the Social Security program for the benefit of officers and employees of the state and its political subdivisions. The agreements do not reach the general population. This authorization for Oklahoma is found in Title 51 of the Oklahoma Statutes.

Here again we should be able to determine geographical application with a reasonably simple question: Does the Constitution authorize government to tax one for the benefit of another? The Supreme Court of the United States didn't think so in 1935 & 1937, and the Constitution hasn't been amended since, so it should be obvious that social welfare taxes in Chapters 21 through 23 of the Internal Revenue Code do not uniformly apply to the American people in States of the Union. The trick is tracking down proper application.

How do these conclusions wash when it comes to IRS venue and jurisdiction?

IRS venue and jurisdiction as "delegate" of the Secretary are tacitly established at 26 U.S.C. §7701(a)(12)(B): The Internal Revenue Service, which is successor of the Bureau of Internal Revenue, Puerto Rico, has authority to serve as "delegate" of the Secretary for administration of Chapter 1, 2 & 21 taxes in insular possessions of the United States.

Read 26 CFR § 403, which relates to seizure of property used in connection with a drug-related commercial crime. This regulation should provide a glimmer of IRS' original jurisdiction for administration of the China Trade Act, i.e., opium, cocaine and citric wines. Also note that income from a China Trade Act corporation is one of the objects of the Chapter 1 normal tax listed in 26 CFR § 1.861-8(f)(1)(vi). The "venue" for administration of these drug-related taxes is admiralty and maritime, it does not extend to States of the Union without a nexus tied to international trade. These links explain why the "tax protester" is commonly classified as a drug dealer with his or her base of operation being the Virgin Islands, the Caiman Islands or some such place, and why customs collection districts, not general internal revenue districts, were established under authority of E.O. #10289 & 26 U.S.C. §7621. Those who have mastered decoding individual master files have verified the common "drug dealer" classification for the last several years so this shouldn't be new information.

As the Secretary's delegate, IRS may administer Chapter 1, 2 & 21 taxes within proper venue, but not the Chapter 24 government personnel tax. Yet the government personnel tax, i.e., "employment" tax rather than "income" tax (See 26 CFR § 601.401) is invariably the original presumption behind IRS administrative initiatives. Also note that the United States Tax Court does not have subject matter jurisdiction over "employment" taxes. See 26 CFR § 601.102.

The Chapter 24 government personnel tax, classified as an employment rather than an income tax, is administered primarily by the head of the agency responsible for withholding at the source. The agency head must be notified of the withholding obligation by the Treasury Financial Management Service, and the agency head or chief financial officer receives a Form 8655 Reporting Agent Authorization. (See Internal Revenue Manual § 3.0.258.4 (11/21/97), January 1999 edition on CD)

If and when an employee needs to increase withholding or is entitled to a refund, he will handle those affairs directly with the employer. Unless he is due a refund, the employee, whether a government officer or employee, will request the refund directly from the employer. In the event the employer determines that the employee has a tax delinquency, the agency administrator is supposed to negotiate settlement. In the event intra-agency negotiations aren't successful, the administrator submits the liability claim to the General Accounting Office for determination. GAO may then recommend litigation to the Attorney General.

Copyright Christopher M. Hansen

Read 26 CFR Parts 31 & 601 and 5 U.S.C. §§ 5512 through 5520a for employment tax administration process. If an employer refuses to pay an employee refund billing, the employee may directly bill IRS by filing a Form 843 along with his original employer billing and the employer refusal. In the event an employee works for two or more foreign "employers" and has over-paid Social Security tax, he may file directly with IRS for a refund on Form 1040. (26 CFR § 601.401(d)(4))

It appears that IRS is authorized to carry out certain responsibilities for the Treasury. Those include (1) maintaining Treasury systems of records, (2) certain accounting procedures, and (3) providing information to the public. Rarely if ever should a non-government individual other than a withholding agent (26 U.S.C. §1441 et seq.) have direct administrative contact with the Internal Revenue Service.

Treasury Orders delegate authority to IRS for administration of IRS personnel withholding and reporting, investigation of Treasury personnel, including IRS employees, who fail to turn over collections, and background checks of government officers and employees subject to the Ethics in Government Act. IRS' chief undercover investigation authority concerns drug-related matters in insular possessions and international venues under treaty provisions.

Having a broad understanding of IRS operations is useful, but we don't want to play "thimble, thimble, who has the thimble" with IRS personnel as I suspect a vast majority of them don't understand the scheme they are involved in. Most are simply true believers with bureaucratic mentality capable of crunching numbers and doing what they're told to do. If they understood the scheme, most would follow Joe Banister out the door.

A client's gross income "source" refund filing on behalf of his business put the district revenue officer responsible for making the liability determination in a position where he revealed that Subtitle C employment taxes rather than Subtitle A & B income tax is the underlying presumption where most businesses and employees are concerned. This is the gross income "source" exposed flank. However, it is also the Achilles heel for IRS as IRS doesn't have administrative authority over Chapter 24 government personnel tax, i.e., IRS lacks subject matter jurisdiction.

The question, then, is how to attack underlying presumptions in order to force IRS personnel to prove liability?

The heart of everything in the "Meador" system is the Affidavit of Material Fact the client completes. However, rather than limiting the focus to gross income source, we cover three classes and categories of tax imposed by internal revenue laws of the United States: Normal tax and other species of income tax imposed by Subtitles A & B (26 CFR § 1.861-8), employment taxes imposed by Subtitle C (26 CFR § 31), and assorted taxes imposed by Subtitles D & E and Title 19, including tax on controlled substances (26 CFR § 403).

Why the affidavit? It is testimony. The testimony is provided in the context of my understanding, i.e., the client's understanding of internal revenue laws of the United States.

The question arises, "Why would anyone voluntarily testify in any forum where a government agency is involved?"

The short answer is this: Because it is about the only way to effectively discharge underlying presumptions and thereby shift the burden of proof to the Internal Revenue Service. If this or a similar strategy isn't deployed, people under IRS siege are plagued with the problem of trying to prove or disprove negatives. The victim winds up in the same strategic situation as the witness who is asked, "Do you still beat your wife?"

The way I am using it, the affidavit is an initiative action. Rather than permitting IRS to stand on assumed ground, the testimony destroys presumptions so IRS has to objectively prove a positive rather than the victim having to prove or disprove negatives.

The next essential is establishing the "field of play" or the basis for determination in administrative due process forum. By bringing out key regulations and Internal Revenue Code sections, we want to force IRS personnel to play by the rules.

We establish ground rules for administrative due process with the following: (1) The reasonable cause and good faith standard, (2) the substantial authority standard, and (3) the IRS personnel disclosure mandate. Note that the disclosure mandate is a Title 31 CFR Treasury regulation.

Copyright Christopher M. Hansen

The first regulation is the reasonable cause and good faith standard prescribed by 26 CFR § 1.6664-4, with emphasis at § 1.6665-4(b)(1):

> *The determination of whether a taxpayer acted with reasonable cause and in good faith is made on a case-by-case basis, taking into account all pertinent facts and circumstances . . . Generally, the most important factor is the extent of the taxpayer's effort to assess the taxpayer's proper tax liability.*

The second is the substantial authority standard, with the most comprehensive general statement at 26 CFR § 1.6662-4(d)(2):

> *The substantial authority standard is an objective standard involving an analysis of the law and application of the law to relevant facts ... The possibility that a return will not be audited or, if audited, that an item will not be raised on audit, is not relevant in determining whether the substantial authority standard (or the reasonable basis standard) is satisfied.*

Recognized authorities are listed in § 1.6662-4(d)(3)(iii).

Finally, Treasury regulations applicable to Internal Revenue Service personnel require disclosure that accommodates substantive rights secured by the Constitution of the United States, including Bill of Rights due process requirements. The Sixth Amendment is particularly important.

The American people are entitled to know the nature and cause of any adverse action, they are entitled to cross-examine witnesses, i.e., challenge both witnesses and evidence, compel testimony, and otherwise have a level playing field when dealing with government agencies and personnel. Although not specific on each point, § 1.6662-4 (d)2 of 31 CFR Part 1, Appendix B of Subpart C is inclusive enough to make the point:

> *Individuals are advised that Internal Revenue Service procedures permit the examination of tax records during the course of an investigation, audit, or collection activity. Accordingly, individuals should contact the Internal Revenue Service employee conducting an audit or effecting the collection of tax liabilities to gain access to such records, rather than seeking access under the provisions of the Privacy Act.*

There are requirements for IRS criminal investigations similar to the Treasury regulation at 26 CFR § 601.107(b):

1. . . . Upon request, a copy of an affidavit [of complaint] or transcript of a question and answer statement will be furnished a witness promptly, except in circumstances deemed by the Regional Commissioner to necessitate temporarily withholding a copy.
2. A Citizen who may be the subject of a criminal recommendation will be afforded a district Criminal Investigation conference when he requests one or where the Chief, Criminal Investigation Division, makes a determination that such a conference will be in the best interests of the Government. At the conference, the IRS representative will inform the Citizen by a general oral statement of the alleged fraudulent features of the case, to the extent consistent with protecting the Government's interests, and, at the same time, making available to the Citizen sufficient facts and figures to acquaint him with the basis, nature, and other essential elements of the proposed criminal charges against him.

The nature and cause of action (Sixth Amendment) is the primary issue. What tax imposed by internal revenue laws of the United States am I liable for? Via my affidavit, I completely disclose financial affairs within the context of understanding of internal revenue laws of the United States. In order to prove tax liability, the revenue agent or other IRS personnel would have to (1) disprove facts stated in my affidavit or prove alternative facts, then (2) prove application of law to stated or alternative facts. Regulations cited above provide a general framework for this process.

In order to resolve controversy, the following questions must be addressed:

Copyright Christopher M. Hansen

1. What class or classes of tax are at issue, i.e., what taxing and liability statutes, along with implementing regulations, make me "a person liable" for keeping books and records and filing returns?
2. What delegated authority does IRS have for administering the class or classes of tax at issue?
3. What is the geographical limitation (venue) of IRS' delegated authority for administering the class or classes of tax at issue?
4. What evidence of facts, documentary or otherwise, does IRS have that establishes liability for the class or classes of tax at issue?
5. What testimony (affidavits) does IRS have verifying evidence of liability for the class or classes of tax at issue?
6. What fact and/or expert witnesses will IRS rely on to verify facts and law that establish liability for any given class of tax that is lawfully administered by the Internal Revenue Service?

Implicitly, IRS has administrative authority only over Subtitle A & B income taxes, but territorial jurisdiction for administration of those taxes is at issue, too.
Conceding venue for the moment, the new § 7491 of the Internal Revenue Code specifically shifts the burden of proof to the Secretary, i.e., IRS, where there is credible evidence of no liability for taxes prescribed by Subtitles A & B:

> *§ 7491. Burden of proof.*
>
> *(a) Burden shifts where taxpayer produces credible evidence.*
>
> *(1) General rule. If, in any court proceeding, a taxpayer introduces credible evidence with respect to any factual issue relevant to ascertaining the liability of the taxpayer for any tax imposed by subtitle A or B, the Secretary shall have the burden of proof with respect to such issue.*

The new Code section suggests two potential problems, but they are reasonably easy to resolve.

First, where IRS personnel have failed to disclose the class of tax at issue, i.e., what taxing and liability statutes are applicable, the nature and cause of action has yet to be determined so I have no way of knowing what books, records or other evidence of income IRS personnel are entitled to examine. Second, since proving a negative with objective evidence is all but impossible, my affidavit disclaimers, i.e., testimony, must be overcome with objective evidence to the contrary in order to establish Subtitle A or B liability. Since my testimony is the only evidence by a competent witness with first-hand knowledge of facts in record, or at least the only testimony or evidence thus far disclosed, I have effectively shifted the burden of proof to IRS.

The § 7491 burden of proof requirement is clearly an administrative due process obligation, and as such, is reinforced by § 1203 of the IRS Restructuring and Reform Act of 1998, which requires IRS personnel to comply with mandates and prohibitions of the Internal Revenue Code, Treasury regulations and published policy, including the Internal Revenue Manual. Where my disclosure affidavit is submitted in good faith, and good faith requests and rebuttals are timely submitted in order to resolve whatever case or controversy there might be, failure on the part of IRS personnel to act in corresponding good faith evidences willful intent and unclean hands.

Our strategy is considerably different from the argumentative approach characteristically employed by those embroiled in disputes with IRS. While we know the mode of operation and underlying presumptions IRS relies on, the only place we address these matters is in the original affidavit, and even in that forum we don't argue about the law, we merely state fact in the context of our understanding of the law. If our understanding is incorrect, it's up to IRS to correct it by demonstrating proper application of law to whatever fact is stated.

Our focus is the administrative due process forum. How do IRS personnel have to go about proving liability? If they fail to meet minimum due process requirements, we have "a case or controversy arising under the Constitution and laws of the United States" (Article III § 2, Constitution) where we can exercise the right to petition for redress (First Amendment).

7.8.10.7 <u>The Examination Process</u>

Copyright Christopher M. Hansen

The IRM Part IV, § 4253.4 plainly proves that there is a process that precedes the Report of Examination Changes. As you can see from this Manual Section, there is supposed to be a letter of initial contact sent to the individual. This letter is supposed to provide the opportunity for the first step in the Examination Process called the Examination Interview (Step A).

This fact is plainly evidenced by the citation of statutory law at 26 U.S.C §7521 and its counterpart in 26 CFR § 601.105 (which is claimed to be the regulations of the Secretary to bring the IRS into compliance with the Administrative Procedures Act [No wonder CRS could not find anything in 26 USC regarding Administrative Due Process of law!] as this is where our Administrative Due Process had been all along). The law also reveals that the letter is to be accompanied by the IRS Publication 1, Notice 609, and the Notice 782, or the Publication 556.

It is becoming clearer that we have now found the beginning of the Administrative Due Process. It is only reasonable that there be a process for the gathering of information for the Administrative Record, which will be used in the creation of both a Complete Administrative Record and the Examination Changes, prior to the Report of Examination Changes.

It is only reasonable that the individual be provided notification of their Appeal Rights (Publication 1), the Privacy Act (Notice 609), and a notification (Notice 782 or Publication 556) of their right to the Examination Interview prior to the opportunity for the Examination Interview.

It is also only reasonable that such an opportunity to provide contrary information be voluntary, as the IRS should not be forced to provide hearings to uncontested matters.

There is one complication to this notification process at this time. The new Publication 1 does not contain the information that it did in the past. It is now more dependent upon the Publication 5 than before.

So what clearly should be emphasized most of all from the present Publication 1, is Article I,… that the IRS is to inform us of our rights at every step of the procedure.

Are there rights that the IRS is not informing us at any step in the published procedure?

Experience shows us that the IRS, most of the time, skips over this important step, not to mention avoiding telling us about our rights and responsibilities regarding the Interview which would then arm us with an ability to actually make use of our Due Process of Law.

In fact, in most cases handled, the IRS sends out a 2050, 515 or 518 letter and a follow-up letter, and the next thing that the member sees is a Notice of Deficiency (Step F) which is accompanied by a Report of Examination Changes (Step B), many times on the same date, other times on a different date. This means that Step B occurred in the past and the Member was not notified.

Is that in keeping with Article 1 of Publication 1, and in keeping with the Taxpayer Bill of Rights 1 or 2?

Certainly not.

But what about the Examination Interview (Step A)?

There does not appear to be too many instances of notification of the Interview, yet our awareness of it seems to have raised the occurrences that it is found, especially in the upper Midwest and Northwest.

7.8.10.8 A Caseworker Shared this with Us

THANKS TO C-SPAN Radio 90, it had been my understanding for quite some time that the Federal Courts require us to seek resolution of any IRS matter at the lowest level of contact with the IRS. It was then apparent to me that with the Examination Interview being the initial contact, that we then have the obligation at this meeting to make every effort to

Copyright Christopher M. Hansen

explain and reveal to the IRS that our position not only has legal and statutory merit, but also that we carried or shifted to the IRS the burden of proof.

With these duties and requirements before us, it was very clear to me that we would need to be allowed to make a complete Administrative Record of all of the facts, and our legal position, in order for us to make a defense against IRS presuppositions and presumptions created by erroneous 1099 and W-2 reports, as shown in the "Gross Income" Article.

With me now seeing the great task that befalls every person before the IRS, I then found myself able to name the precise name and meeting with the IRS where the prima facie evidence, list of witnesses, and summons of adverse witnesses would be demanded. Armed with this information, it appeared that the work that I set out to do was well cut out for me, in that I now knew which meeting to demand these things, but with what force of law would the IRS counter my demands for them.

I tend to think about things for days and days without jumping on anything. It makes me look slow to act or understand. Rick (the Web-Monster) even gets on me as it takes months for me to do things that he needs done. But always, in every case, my delay is well founded, as just before I begin the project, new and profound information comes to my understanding.

Case in point, I was trying to deduce what the IRS would use to defeat my demands for prior presentment of the information discussed above. This was well answered by the most recent correspondence copies coming to me showing the IRS Counsel in Seattle admitting that the IRS was indeed subject to the Administrative Procedures Act.

This was only the beginning. As on my way home from an Exhibit near Washington, I was listening to C-SPAN Radio 90 out of Washington D.C. The program was famous U.S. Supreme Court Oral Arguments, the case was Goldberg v. Kelly, 397 U.S. 254 (1970), the subject was Administrative Due Process of Law.

There was the Lawyer for the state of New York explaining how the states, even in regards to the determinations of stopping payments of benefits to a State beneficiary under their welfare program, is to entitle the beneficiary to an Administrative Hearing that is in keeping with the American Standards of due process of law. When the Counsel for the state of New York began to state that such a hearing must include the substance of the right to confront and cross-examine adverse witnesses, I was astonished.

Still, in our cases, there are no benefits, only property being taken from us in a situation where the Congress bars any Judicial remedy prior to lien and levy per 26 U.S.C. §7421. Let's not forget in a situation where it is that we bear the burden of proof in order to win our case. **(Not even Jeffrey Dahmer had to bear the burden of proof, nor was he denied time to make a defense, as well as opportunity to cross examine witnesses, as the IRS is doing in all cases.)**

Well, this is all such an interesting scenario to say the least! The Federal Courts say that we are required to resolve any problems with the IRS at the lowest level of contact,….. *but the IRS skips over telling us about the opportunity or significance of the initial meeting*.

Any Appeals to the IRS are heard upon the Administrative Record which is to be made at the initial meeting with the IRS,…. but the IRS skips over telling us about the meeting. We are to bear the burden of proof before the IRS,…. *but they will not tell us about the meeting where we will be allowed the opportunity to do this*.

We have the burden of proof in the IRS Administrative proceedings,…. but the IRS refuses to produce the prima facie evidence against us, a list of witnesses (employers who made prima facie claims on the W-2's and/or 1099's), and even refuses to summons the witnesses for cross-examination for the making of a complete Administrative Record, in violation of the basic elements and Standards of Due Process of Law.

We have a right under Article 1 of the Bill of Rights to be heard in any redress or remedy against Government determinations about us,…. but the IRS skips over telling us about the opportunity and significance of the initial meeting as the fulfillment of this fundamental right.

Article 5 of the Bill of Rights gives us a Right to Due Process of law prior to the taking of any of our property by the government. The IRS has an Administrative procedure for the provision of Due Process Rights published in Federal Public

Copyright Christopher M. Hansen

Law, Statute, Regulations, Executive Manuals (the IRM), IRS Notices, and IRS Publications,…. but the U.S. Tax Court and the IRS Counsel's Office submits into Judicial Records that there is no legal requirement upon the IRS to follow any Administrative process prior to forcing the individual to Petition the Tax Court.

The nature of the prima facie evidence of the employers and payors claims on the W-2 and 1099 Forms sent in to the IRS is that they are correct unless refuted, and the IRS has provided a Form 4852 for refuting these claims to bring them into contention when there is a controversy,…. but they refuse to acknowledge receipt of these forms, or provide any evidence of a meaningful hearing of the fact and law presented on these forms, by providing statutory substance against the counter claims as made on the 4852's.

The U.S. Supreme Court says that the words in the laws indicate precisely what it is that the laws mean,…. but the Lower Level Courts ignore provisions and words of laws everyday, giving the Executive branch Carte Blanche to ignore the clear language of the law at will.

We have one duty, and that is to stand, continue standing, and speak. It is all about Denial of Due Process of Law.

Our Message is now even more clear and certain.

Their lies and violations of our Americans Standards of Law are now certain and naked.

In most cases, all Due Process has been violated, as the people have never been told their rights, responsibilities, and the significance of the Examination Interview. If they have not been fully informed of this, then there was never any way that they could have made use of this process, and no lawyer has yet dared to explain this process to the people. This was the duty of the IRS pursuant to the Taxpayer Bill of Rights 1 & 2, and in our estimation can only be a COMPLETE DENIAL OF DUE PROCESS OF LAW!

If it is not, its effects are exactly the same. The Lawyers who have not known our due process of law to tell us have been incompetent in the least, and the same for the Enrolled Agents and CPA's.

You, and now everyone has the same tools that we have. There is now even less of an excuse to be ignorant of your rights and responsibilities, and the world is suddenly different. We can only shake our head and wonder how it is that the alleged leaders of this movement ever missed it. In all of their prior work, they must not have been looking very diligently.

7.8.10.9 IRS Hiding of Evidence

A common tactic of the IRS in prosecuting tax "crimes" (the real crime is the waste of government/tax payer dollars criminally prosecuting a perfectly law-abiding Citizen who isn't liable for tax) is the hiding of IRS-generated evidence from Citizens who are researching their case. For instance, Citizens can use the Freedom of Information Act (FOIA) in order to obtain a copy of the IRS Individual Master File (IMF). This document is indispensable to have before you go in front of the judge in a federal court, and simply asking for it and knowing how to read it is often all you need to get the IRS off your back. Your own ignorance is the biggest weapon they use against you, and being stupid is the best way to guarantee that you lose your assets, even if you are completely obeying the law and lawfully not paying taxes on "gross income" you don't have!

If you ask for or subpoena a copy of your IMF from the IRS under the FOIA, you can be pretty sure that the IRS may try to destroy the evidence or say they don't have it. These kinds of violations of due process are commonplace and you will realize just how flagrant they are when you ask for copies of your IMF and the IRS submits portions of it as evidence for use at trial, but then says they "lost" the evidence you requested (yeah, right!) when you ask them for the rest of the file. *Be on the lookout for this underhanded IRS tactic and blow the whistle as loudly as you can in front of the jury and the judge when you see this happen!*

7.8.11 Referral and Request for Technical Advice

Copyright Christopher M. Hansen

As required by 26 CFR § 601.105(b)(5)(iii), when there are disputes with IRS tax examiners or auditors, Citizens may request that the case be referred to the National Office for technical advice. The taxpayer need only reference the legal foundation for the objections that need to be addressed by the National office. Below is the law

> *"[A] taxpayer or his/her representative may request that an issue be referred to the National Office for technical advice on the grounds that... the issue is so unusual or complex as to warrant consideration by the National Office... [T]axpayers are encouraged to make written requests setting forth the facts, law, and argument with respect to the issue, and reason for requesting National Office advice..." [26 CFR § 601.105(b)(5)(iii)]*

> *"Technical advice should be requested where taxpayers or their representatives take the position that the basis for the proposed action is not supported by statute, regulations, or published positions of the Service." [IRM, 4.10.7.2.10]*

The issue to use in your request for technical advice, as described in this document, should be: Whether 26 U.S.C. §861(b), and the corresponding regulations in 26 CFR § 1.861-8, are the sections to be used for determining taxable income from sources within the United States.

Please refer to Section 15.9.14 for a sample form to use during an IRS tax examination when requesting Technical Advice from an examiner who contradicts the claims documented in section 4 (Evidence: Why We Don't Have To Pay).

7.8.12 The "Substitute for Return"

According to the Internal Revenue Manual, section 7.6.1 (see http://www.irs.gov/prod/bus_info/tax_pro/irm-part/part07/35856.html - ss7):

> *A substitute for return is used to establish an account for an entity which refuses to file or is unable to file a required return.*

The authority to file a Substitute for Return appears in 26 CFR § 6020(b). A "Substitute for Return" is also referred to as IRS form 990-T or form 5330 and is filed in their system called "AIMS". Internal Revenue Manual 7.3.1 describes the process for doing Substitute for Returns. It is available on the web at: http://www.irs.gov/prod/bus_info/tax_pro/irm-part/.

7.8.13 Subpoena of Clients, Friends, and Relatives

Before the IRS tries to lynch you at trial, they will go on a fishing expedition in your circle of friends and family. You can expect that they will attempt to interview your friends and family members and try to find the most disgruntled and hateful person of the bunch who has something out for you and wants to reveal all of your dirty secrets to vindictively get you in trouble. There is very little you can do to protect yourself from such fishing expeditions. The best thing we can suggest is to: "Obey the law and live your life as though there is no such thing as a secret." Be nice and friendly with everyone you know and avoid antagonizing especially business associates with whom you conduct financial transactions.

7.8.14 Assets Search: IRS Electronic Robbery

Let's say, for example, through no fault of your own, you suffer poor health or a business reversal and fall hopelessly into arrears on the tax liability you have assessed yourself on Form 1040 and other tax returns. No problem for the IRS.

A quick computer search of Fannie Mae, Freddie Mac, FDIC, Federal Reserve, banking, SEC, title insurance, property, motor vehicle and state excise tax records under a social security, employer or other taxpayer identification number associated with your name reveals the following:

Copyright Christopher M. Hansen

1. Mortgage and home equity loans on the house you struggled to buy to fulfill your vision of the "American dream"
2. Start-up loans on the small business you planned for years and finally got off the ground.
3. The monthly commission check you slowly built up from that network marketing opportunity you began a few years ago.
4. The car, van or pickup truck you finally finished paying off last year.
5. Your boat, snowmobile or RV.
6. You get-away camp in the mountains.
7. And all of your retirement plans including your I.R.A, S.E.P., KEOUGH, 401(k), stocks, bonds, mutual funds, options, and annuities.

A cup of coffees, a donut, a few computer key presses, a quick lien or two followed by lunch, then a couple of quick seizures and sales and all of your net worth is history. All gone.

The Treasury pockets the plundered booty and the agent receives performance points towards job and vacation "perks". It's all in a day's work. On to the next victim.

It happens every minute of every day, all over America. And like the rancher shearing a docile sheep, IRS agents must silently thank those dumb Citizens who make it so easy for them by first plastering taxpayer identification numbers all over themselves like the circus clown wearing the "Kick Me!" sign and then, like a deer frozen in the headlights, stand still to be shorn.

The simple rule of thumb is that all property titled in your own name or held in the hands of a third party is at risk. This includes not only real property but "money" in any type of computerized account, including bank accounts, stocks, mutual funds, bonds, IRA's, 401(k)s, annuities and other similar types of electronic accounts, including, of course, the money in your employers' hands before being paid to you.

Remember: if what you think of as your "money" can be displayed as symbols and numbers on a computer monitor, it is actually nothing more than bank credit floating through telephone lines and can instantaneously be transferred to the IRS at the speed of light over telephone lines by the push of a button. And chances are you will never see it again. Perhaps that's why some refer to the IRS as the "Internal Robbery Squad". That's one reason why we think the gold standard and having hard assets is better--you need physical access to take them.

So what do you do with your net worth to protect it from piracy, electronic or otherwise? Every increasing numbers of working Americans who value their privacy, obey all laws and have nothing to hide, are taking steps to divest themselves of property ownership. They understand that a thing cannot be stolen from one who does not own it in the first place.

There is a world of difference between the potentially dangerous emotional attachment known as "pride of ownership" and the relative safety inherent in the mere use and enjoyment of assets. However, since from the government's point of view, an open and detailed explanation of how to accomplish this is tantamount to conspiracy to deprive the Treasury of needed revenues, I do not personally provide these services and will go no further here.

If you need domestic or offshore asset protection services, there are some many different organizations which specialize in this area. By way of example, below are a few of them, although it is not our intention to endorse or recommend any one company:

Action Asset Protection Services: http://action-assetprotection-services.com/
Asset Protection Corporation: http://www.assetprotectioncorp.com/
Creative Asset Protection Strategies: http://www.capstrategies.com/
Offshore Financial Freedom: http://www.offshoreinfo.com/
Worldwide Wealth Systems: http://www.financialprivacy.com/

7.8.15 Unwanted Confiscation/Search of Taxpayer Records

Copyright Christopher M. Hansen

Confiscation or search and seizure of Citizen property or records can only be authorized legally by a Federal Court Order. We saw examples in section 7.5 ("Whistleblower Retaliation") where Federal Courts have been known to grant search warrants without probable cause and on a whim. Because of this, we highly suggest that you are prepared for such an eventuality at all times by following the guidelines in section 8.2.3.1 ("Protect Your Privacy Vigilantly").

Confiscation of property or records has the effect of:

1. Undermining a Citizen's ability to defend themselves legally, because it can potentially destroy or make unavailable to him the evidence he needs to legally defend his position.
2. Interfering with his ability to support himself and run his business, if he has a family business.
3. Violating his/her privacy in violation of the 4th Amendment (see section 3.5.9 of this document).

7.8.16 Prosecution for Willful Failure to File[58]

The IRS prosecutes tax crimes using a document called *Department of Justice, Tax Division, Criminal Tax Manual*. You can download and read this document in its entirety from our website at http://familyguardian.tzo.com/.

Regardless of the fact that you have never been made liable by Congress for the income tax, the very first Form 1040 you ever filed created an implied liability for the payment of taxes, and the IRS will expect you to continue filing Form 1040 for the rest of your life until and unless you notify them otherwise.

If you should decide to just stop filing, but fail to establish a case that shifts the burden of proof to the IRS to who that you are required to file, the IRS will virtually always file a "substitute for return" for you, citing as their authority code section 26 CFR § 6020(b).

The problem here is that the underlying Treasury regulations for 6020(b) are not under Title 26, where the income statutes are found, they're under Title 27, Alcohol, Tobacco, and Firearms. If you weren't involved in these activities, why would the IRS commit such a blatantly fraudulent act? Could it be because there is not legal requirement for the U.S. Citizen of the 50 states to file a return on income?

If the IRS District Counsel thinks there is strong likelihood of obtaining a conviction, you may be referred to the Department of Justice for prosecution. In the indictment, the government will always quote section 7203 "Willful failure to file." This is a criminal penalty statute that is impossible to violate. Why? Because you must first break the underlying statutes that make you liable to fall under the penalty statutes. The statute begins with the three words "Any person required..."

The question is, who is the "any person?" Under Federal Rules of Criminal Procedure 7(c)(1), a crime and a punishment must be defined. Of course, that technicality is of no concern to the government. To persuade the jury to put you in jail, the attorney for the Justice Department must convince the jury of three elements:

1. That you had "gross income".

2. That you did not file returns for the years in question.

3. That you had criminal intent, meaning that you knew you had a legal duty to file and pay but willfully shirked your known legal duty.

To understand willfulness, imagine you are witnessing a shooting taking place a football field away. You hear a shot and see someone fall. You can't tell whether the gun discharged accidentally, whether it was fired in the heat of emotion, or was used in premeditated murder. The issues is the intent of the person who pulled the trigger. If premeditated, its' first degree murder. The same is true in a criminal tax trial. Was the defendant premeditatedly and willfully violating a known

[58] *Losing Your Illusions*, Gordon Phillips, p. 124

Copyright Christopher M. Hansen

legal duty? Proving the criminal intent or lack of same is willfulness. But were you aware that the IRS has lost many "willful failure to file" criminal tax trials in just the past several years?

Refer to *Cheek v. United States,* 498 U.S. 192 (1991) for further background on prosecution for willful failure to file.

7.8.17 Tax Court

When someone gets a "Notice of Deficiency" from the IRS, alleging an income tax liability, and the alleged "taxpayer" disagrees with the amount allegedly owed, the normal procedure is to petition the United States Tax Court. The Tax Court "evolved" from an administrative board of appeals, and rules on specific tax issues. (There is no jury in Tax Court.)

It is true that the Tax Court has "ruled against" the 861/"source" issue at least once. However, the following rulings show no actual refutation of the position. (If someone is aware of a Tax Court case addressing this issue which is *not* mentioned here, please let us know.) This article addresses three Tax Court rulings. Only *one* case attempted at all to refute the substance of the issue (the "Aiello" case below). In another case, the Tax Court openly *refused* to address it at all. In the third case below, the Tax Court made a blatantly and provably incorrect assertion about 26 U.S.C. §861, though it was *not* in response to someone actually using the issue with which this document deals.

7.8.17.1 Aiello v. Commissioner

Docket No. 16811-93
Date of Decision: January 30, 1995
Judge: Wolfe, Norman H.

This first case came the closest (of cases we're aware of) to addressing the 861/"source" issue itself. While we are unaware of exactly how the issue was presented, or what citations were used, the following is *everything* in the published ruling relevant to the issue.

While it is not our intention to "bash" the "petitioner," it seems that either the issue was not completely understood and presented, or the court mischaracterized the case presented. According to the court, the petitioner was arguing that "*(1) the federal income tax is unconstitutional; and (2) federal taxes are excise taxes applicable only to nonresident aliens and foreign corporations.*" If this was an accurate description of the petitioner's argument, the petitioner was incorrect on both points. The tax is neither unconstitutional, nor is it only applicable to foreigners. The following is the court's description of the petitioner's position as it relates to 26 U.S.C. §861.

> *"Petitioner also contends that no Federal statute imposes a tax on the income of citizens or residents of the United States that is derived from sources within the United States. Instead, petitioner asserts that Federal income taxes are excise taxes imposed only on the privilege of nonresident aliens and foreign corporations to receive income from sources within the United States. Petitioner's argument is unclear. Apparently, petitioner believes that the only sources of income for purposes of section 61 are listed in section 861, that income from sources within the United States is taxed only to nonresident aliens and foreign corporations pursuant to sections 871, 881, and 882..."*

Again, if this is an accurate description of the petitioner's position, he was incorrect on several points.

1. Citizens *are* taxed upon their income derived from *within* the 50 states, if they first receive most of their income from within federal *possessions* (see 26 CFR § 1.931-1).
2. The tax is *not* only applicable to foreigners. It applies to the situation described above, and to certain *foreign* income of citizens (and domestic corporations).
3. The taxable "sources" for purposes of the income tax are *not* specifically listed in 26 U.S.C. §861 itself. The related *regulations* list them, and an understanding of the structure and content of all of Subchapter N is necessary to understand the scope of 26 U.S.C. §861 (since the tell-tale phrase was removed from the *statutes* in the 1920's).

Copyright Christopher M. Hansen

Nonetheless, the following was the court's response to this issue.

> *"Section 61(a) defines gross income generally as "all income from whatever source derived," including, but not limited to, compensation for services and interest. Sec. 61(a)(1), (4). Section 63 defines and explains the computation of "taxable income". Section 1 imposes an income tax on the taxable income of every individual who is a citizen or resident of the United States. Sec. 1.1-1(a)(1), Income Tax Regs.; see Habersham-Bey v. Commissioner, 78 T.C. 304, 309 (1982). Under section 61(a)(1) and (4), petitioner clearly is required to include his wages, tokes, and interest in gross income."*

Ironically, the *only* thing incorrect in this statement is the last sentence. The court (whether accidentally or on purpose) skips right past the issue of "sources," apparently assuming that "*from whatever source*" is synonymous with "no matter where it comes from." The court states above that the petitioner apparently believed that "*the only sources of income for purposes of section 61 are listed in section 861*." Other than the fact that it is not only 26 U.S.C. §861 involved (it is also the *following* sections of statutes, and the related *regulations*), *the Secretary of the Treasury agrees* with the petitioner.

> *"Section 861 and following... and the regulations thereunder, determine the sources of income for purposes of the income tax." [26 CFR § 1.861-1]*

One interesting thing (which might just be a coincidence) is that the court did not actually *disagree* with this. They simply failed to answer it, instead quoting 26 U.S.C. §61 by itself, ignoring the significance of the word "source." The court technically was correct on everything it said, except the final assertion about the income being taxable.

This was the only case that we know of which came close to addressing the substance of the 861/"source" issue. If anyone knows of others, please let us know.

The following is actually irrelevant to the actual issue, but is worth mentioning, as it is a common obfuscation.

> *"It is well established that compensation for services, in whatever form received, is includable in gross income... The Court of Appeals for the Ninth Circuit, to which any appeal in this case will lie, has stated, "Compensation for labor or services, paid in the form of wages or salary, has been universally held by the courts of this republic to be income, subject to the income tax laws currently applicable.""*

This is *correct*, but irrelevant. Compensation for services *is* income, and it *is* subject to the tax, if derived from a taxable "source" or activity. The are two independent issues: 1) what constitutes *income*, and; 2) whether it derived from a taxable *activity* (a.k.a. "source"). As an obvious example, the above assertions by the court certainly would not mean that everyone in *China* receiving "compensation for labor" would be taxable on that income. If the *item* of "compensation for services" derived from one of the "*sources of income for purposes of the income tax*" (26 CFR § 1.861-1), it *would* be taxable.

7.8.17.2 Williams v. Commissioner

Docket No. 23179-97
Date Filed: March 1, 2000
Judge: Vasquez

In this case, the petitioner filed an original Form 1040, but altered it by adding the words "*Non Taxable Compensation Eisner v. Macomber 242 U.S. 189*." (The citation refers to a Supreme Court ruling, which deals with the meaning of "*income*" by itself, *not* the 861/"source" issue.) The petitioner did not sign the form, and admitted it wasn't a valid return. The petitioner then filed *another* Form 1040 for that year, this time reporting his income as "*gross income*," and showing tax due. But he also attached a "disclaimer" to the Form 1040, basically saying he was not admitting to a tax liability. According to the Tax Court, the petitioner's challenge to the alleged liability was based on the following:

> *"Petitioner claims that (1) he did not volunteer to self-assess or pay his taxes, and he therefore cannot be held liable for an deficiency; (2) his income is not from any of the*

Copyright Christopher M. Hansen

> *sources listed in section 1.861-8(a), Income Tax Regs., and thus is not taxable; and (3) the notice of deficiency was improperly issued because petitioner disclaimed the tax liability shown on the return."*

Only the second item is relevant to the issue addressed in this document. Again, we do not know exactly what the petitioner presented, or whether the court's characterization of his position was accurate, but there is a technical error in the position as described. The taxable "sources" are listed in 26 CFR § 1.861-8(f)(1), *not* in 26 CFR § 1.861-8(a). (It is also unclear how this position could be consistent with a return which admitted to "gross income" having been received.)

But what is interesting about this case is that the court refused to actually *address* the issue of taxable "sources" or give even a *single* related citation, while at the same time spending numerous pages addressing the signing and/or altering of forms, with the court citing *dozens* of sections of statutes and court rulings related to this issue. The only things which could be construed as a response to the "861" issue were as follows:

> *"Petitioner's arguments are reminiscent of tax-protestor rhetoric that has been universally rejected by this and other courts. We shall not painstakingly address petitioner's assertions 'with somber reasoning and copious citation of precedent; to do so might suggest that these arguments have some colorable merit.' Crain v. Commissioner, 737 F.2d 1417, 1417 (5th Cir. 1984)... Petitioner's arguments concerning the underlying deficiency amount to tax protestor rhetoric and are manifestly frivolous and groundless."*

Because the Tax Court here refers to the petitioner's argument*s* (plural), it may be true that other courts have ruled some of the arguments (those *other than* the 861/"source" issue) to be "frivolous." But to our knowledge, *no* district court case (*including* the Fifth Circuit case cited) has ruled this about the 861/"source" issue. In fact, if the issue had been presented properly (and we cannot tell exactly what the petitioner presented), it would be absurd to call it "manifestly frivolous."

Is it "manifestly frivolous" to determine what constitutes "taxable income from sources within the United States" by using the portion of the law entitled "*Taxable income from sources within the United States*" (26 U.S.C. §861(b)), which states what "*shall be included in full as taxable income from sources within the United States*"? Or perhaps it is "manifestly frivolous" to believe that "*Section 861 and following... and the regulations thereunder determine the sources of income for purposes of the income tax*" (26 CFR § 1.861-1). Maybe it's "frivolous" to believe that "*taxable income from sources within or without the United States will be determined under the rules of Secs. 1.861-8 through 1.861-14T*" (26 CFR § 1.863-1(c)). (All of the preceding "tax-protestor rhetoric" comes from Congress and the Secretary of the Treasury.)

What is most suspicious is that Tax Court cited *nothing* regarding the "861" issue, and openly refused to address it (at the same time "borrowing" a district court ruling about an unrelated argument to vilify the petitioner). Basically, the court chose name-calling and unfounded assertions over addressing the issue. But again, we do not know exactly what was presented related to the 861/"source" issue, so we cannot tell exactly *what* the court was ignoring.

7.8.17.3 Solomon v. Commissioner

Docket No. 1084-93
Date of Decision: November 3, 1993
Judge: Dawson, Howard A., Jr. Goldberg, Stanley J.

This case was *not* about the 861/"source" issue. The petitioner was arguing that Illinois was not part of the "United States" within the meaning of the law, and he therefore concluded that he was a nonresident alien receiving foreign income (which would not be taxable). He mentioned 26 U.S.C. §861 *only* to say that his income constituted "*income from sources without the United States*," rather than from "within" (clearly not the issue which this document deals with). The only reason for mentioning this case, therefore, is the following comment of the court regarding 26 U.S.C. §861.

> *"[S]ection 861(a)(1) and (3) provides that interest from the United States and compensation for labor or personal services performed in the United States (with*

Copyright Christopher M. Hansen

> *exceptions not applicable here) are items of gross income which shall be treated as income from sources within the United States."*

This demonstrates total ignorance of the history and scope of this section. While the general wording of the current statute would at first glance seem to agree with the above assertion, the current regulations, and the predecessor statutes and regulations, show that the Tax Court made a serious blunder here. Most notably, the predecessor statute to 26 U.S.C. §861 was Section 217 of the Revenue Act of 1921, which stated the following:

> *"That in the case of a nonresident alien individual or of a citizen entitled to the benefits of section 262, the following items of gross income shall be treated as income from sources within the United States:*
>
> *(1) Interest...*
> *(2) The amount received as dividends...*
> *(3) Compensation for labor or personal services performed in the United States."*
>
> *(A separate section of that act stated that "[i]n the case of a foreign corporation or of a corporation entitled to the benefits of section 262 the computation shall also be made in the manner provided in section 217.")*

For comparison, here is what 26 USC 861 currently states:

> *"The following items of gross income shall be treated as income from sources within the United States:*
>
> *(1) Interest...*
> *(2) Dividends...*
> *(3) Personal services - Compensation for labor or personal services performed in the United States..."*

But the disappearance of the tell-tale phrase (underlined in the former citation) did *not* change the application of the section. For example, in 1939, while the statute (Section 119) already used the same general wording as the current statute (above), the related *regulations* stated that those statutes applied to "*Nonresident alien individuals, foreign corporations, and citizens of the United States or domestic corporations entitled to the benefits of section 251* [those who receive a large amount of income from within federal possessions]."

The current regulations also show the limited application of the statutes (though they seem to go to great length to confuse the matter).

> *"(ii) Relationship of sections 861, 862, 863(a), and 863(b). Sections 861, 862, 863(a), and 863(b) are the four provisions applicable in determining taxable income from specific sources." [26 CFR § 1.861-8(f)(3)(ii)]*

The term "specific sources" is used in three other places in the regulations, each of which refers to the activities listed in 26 CFR § 1.861-8(f)(1). So contrary to the claim of the Tax Court, the general wording of 26 U.S.C. §861 still applies *only* to those engaged in the enumerated taxable activities (i.e. "*specific sources*"). It does *not* mean that all "interest" and/or "compensation for services" received from within the United States by anyone anywhere constitutes "*income from sources within the United States*." The court's assertion is simply false.

NOTE: As the Internal Revenue Manual demonstrates (see below), Tax Court rulings (unlike Treasury regulations) are NOT binding on the IRS, and are not considered "precedent" like Supreme Court rulings would be. According to the IRS, the regulations "outrank" every court except the Supreme Court.

> *"The Federal Income Tax Regulations (Regs.) are the official Treasury Department interpretation of the Internal Revenue Code." [IRM, 4.10.7.2.3.1 ("Income Tax Regulations")]*

Copyright Christopher M. Hansen

> *"The Service is bound by the regulations." [IRM, 4.10.7.2.3.4 ("Authority of the Regulations")]*

> *"Decisions made at various levels of the court system are considered to be interpretations of tax laws and may be used by either examiners or taxpayers to support a position... A case decided by the U.S. Supreme Court becomes the law of the land and takes precedence over decisions of lower courts... Decisions made by lower courts, such as Tax Court, District Courts, or Claims Court, are binding on the Service only for the particular taxpayer and the years litigated. Adverse decisions of lower courts do not require the Service to alter its position for other taxpayers." [IRM, 4.10.7.2.9.8 ("Importance of Court Decisions")]*

7.8.18 Appeals

Appeals occur after tax examinations if you are unwilling to accept the legal conclusions of your tax examiner.

You can obtain information about appealing an IRS determination at the following web page:

http://www.irs.gov/ind_info/appeals/index.html

7.8.19 Litigation Tactics

Once your case graduates beyond the Tax Court and into a Federal District or Circuit Court, the IRS has very well defined procedures for prosecuting tax crimes. These procedures are documented in a publication called "Department Of Justice, Criminal Division, Criminal Tax Manual". You can download the 1994 version of this document in its entirety from our website at http://familyguardian.tzo.com.

Below are some of the underhanded, unscrupulous, and downright dishonest tactics that are quite commonly used during the prosecution of tax crimes by the U.S. Government against its own citizens:

1. Judge/court "filtering" and censorship and favoritism antics:

1.1. Refusing to hear the case, if it is controversial and has a high probability of succeeding in exposing the fraud of income taxes.

1.2. Readily granting protective orders to any discovery initiated against the IRS by the Citizen, so that others cannot hear the truth or see IRS records, which are just public records that are not classified and should otherwise be available under the Freedom of Information Act. This will keep the "hush" on anything that might incriminate or advantage anti-IRS forces.

1.3. Refusing to allow the jury to see or examine the tax laws relevant to the trial at hand.

1.4. Judges sanctioning attorneys (contempt) who raise legal issues that show the tax laws have not been violated.

1.5. Fining litigants who file motions that relate to the constitutionality of certain aspects of income taxes. For instance, federal circuit courts routinely fine litigants $5,000 who file claims based on the fraudulent ratification of the 16th amendment. Clearly this violates the First Amendment right to petition the government for redress of grievances, but it is done nonetheless.

2. Filing of briefs and service of process:

2.1. Filing their response or briefs late and/or outside of the permissible window, so that the accused does not have time to respond within the allowed time.

2.2. Delivering the briefs to their opponent deliberately to the wrong address so they don't get them at all or get them at the last minute. This makes their opponent ill-prepared to respond at trial.

2.3. Judge being lenient in government's late filing of briefs but strict with citizens. This strengthens the government's case because it does not give the defendant or opponent time to respond within the allotted window to the government's filings. In other fields, this tactic is called "blind-siding", or "catching them off guard".

3. Discovery abuses by the IRS:

3.1. IRS delaying responding to discovery by their opponent. These delays make it more difficult to prepare for trial and frustrate settlement and fact-finding. Such delays are commonly applied to:

Copyright Christopher M. Hansen

3.1.1. Request for Admissions.
3.1.2. Interrogatories.
3.1.3. Notice to Produce Documents.
3.1.4. Depositions or notice of depositions.

3.2. IRS providing incomplete information in response to discovery requests and then if the omission is discovered, claiming an innocent mistake.

3.3. IRS refusing to provide copies of their official record of their opponent.

3.4. Judge granting an extension of time for the government to complete discovery but being unforgiving and non-accommodating with the Citizen. Be prompt with all your filings so you don't have to ask for mercy with the judge, and you won't be victimized by this game.

3.5. Judge granting a "motion to quash" requested by the IRS suppressing the admission of evidence into the case that might embarrass the government's position or prejudice their case with legitimate evidence.

3.6. Judge granting a "protective order" requested by the IRS sealing the evidence and records of the case so that the outcome isn't revealed to the public. This violates the First Amendment right of free speech and amounts to the equivalent of a formal and official "cover-up" by the government.

3.7. IRS seizing records of the Citizen prior to the start of litigation so he has no evidence available with which to prosecute his case. That is why we recommend keeping your records with a friend or in a hidden place and using COPIES at your house.

3.8. Note that because the IRS is a government agency, they do NOT have 5th Amendment rights to not incriminate themselves. They are obligated to turn over any and all records requested, including those which might incriminate them.

4. Jury selection:

4.1. Colluding with the judge to "rig" the jury by:
4.1.1. Bringing in their own jurors at the last minute.
4.1.2. Encouraging the judge to prevent Citizen's counsel from directly talking to the jurors during voire dir.

4.2. Prescreening jurors by asking them for their social security number and seeing whether they are faithful "taxpayers" who can be made to get angry at people who don't pay their taxes. See below for more details on this scam. Citizen counsel should ask each juror whether they have been asked for their Social Security Number by anyone after being nominated for jury duty.

4.3. Throwing out prospective jurists who do not pay income taxes or who object to paying income taxes.

4.4. Loading the random jury selection drawing box. At some point, jurist numbers are put into a box as pieces of paper and allegedly randomly drawn. However:
4.4.1. Judge will "preload the box" before it comes into the courtroom for drawing.
4.4.2. Judge won't allow counsel to examine the content of the box to ensure that all candidate names are in it.

Therefore, we would strongly encourage counsel on BOTH sides to ensure prior to drawing names that ALL jurist candidates have numbers in the box!

5. Judge recusal:

5.1. Judge, when asked whether there is a conflict of interest in him hearing the case, will insist that there is not need to recuse himself, and will refuse to answer questions. All the while, he realizes that if he tells the truth and declares the income taxes unconstitutional, then he will be blacklisted and will not survive the next political or congressional or presidential appointment, which would be a mark of death.

6. Trial antics:

6.1. Judge threatening counsel with contempt for discussing the law, and instead insisting that he is the only one authorized to interpret or discuss the law. This is malarkey and should be loudly and consistently objected to.

6.2. U.S. attorneys at the IRS trying to evade discussions of the law or the legal basis for the charges they have filed.

6.3. Judge censoring counsel on either side so that they are precluded from addressing legal issues during either their opening or closing remarks.

7. Verdict:

7.1. Judge admonishing the jury to rule in a certain way or to not consider the tax laws.

Below are details on some of these dishonest tactics.

7.8.19.1 Stacking the Deck During Jury Selection

Copyright Christopher M. Hansen

Prior to Federal court tax cases, as part of the *voir dire* process of jury selection, the IRS tries to stack the deck in their favor. Their ideal tax case jury candidate is someone who never questions the tax laws, has never had any bad experiences with the IRS, and who faithfully completes 1040 forms and voluntarily pays income taxes every year that they don't owe! Below is a quote off an IRS discussion group at http://egroups.com/message/legality-of-income-tax/ that reveals the IRS' jury selection process to stack the deck in their favor:

> *My husband is being called for jury duty in District Court. In order to insure that no one who really understands the FIT [Federal Income Tax] issue manages to sneak onto the jury, here is the wording on the questionnaire he must fill out and return:*
>
> *"Privacy Act Statement. Your social security number is requested on a voluntary basis under authority of sections 6041,6103, and 6109 of the Internal Revenue Code, for two purposes. First, if you earn more than $600 in compensation as a juror, the court must inform the IRS using your social security number, and it is helpful to get your number now. Second, in tax cases involving the United States, a party may ask the Secretary of the Treasury whether prospective jurors have or have not been the subject of any audit or other tax investigation by the IRS, and the Secretary is limited to giving a yes or no response. Providing your social security number will not disqualify you from serving as a juror, but it may delay and disrupt the jury selection process"*
>
> *Thus is the deck stacked against any poor victim being tried for tax evasion, willful failure to file, etc. The only people who will be selected to sit on a jury of a tax case are those who mindlessly and ignorantly fill out those 1040's every April 15, and have never had any bad experience with the IRS. The courts want uneducated people who will do what the judge instructs, and won't ask annoying and embarrassing questions like, "What does the law actually state?" I believe this explains the goofy jury decisions in such cases.*
>
> *Diane*

Now isn't that nice of the tax extortionists at the IRS? Now why do you think it would delay jury selection? Because they want to look into the tax payment histories of the jurists and hand pick every one of them to stack the deck! You can be sure that they will select only those jurists who don't question authority and have a long track record of paying their federal income taxes without complaint, and who might be likely to get self-righteous and indignant at the thought that someone else isn't paying their "fair share".

7.8.20 Tax Levies

7.8.20.1 Who is subject to Tax Levy?

Tax levies are governed by the Internal Revenue Code, section 6331, as follows:

> *Subchapter D - Seizure of Property for Collection of Taxes*
>
> *Section 6331 Levy and Distraint.*
>
> *Section 6331(a) Authority of Secretary. - If any person liable to pay any tax neglects or refuses to pay the same within 10 days after notice and demand, it shall be lawful for the Secretary to collect such tax (and such further sum as shall be sufficient to cover the expenses of the levy) by levy upon all property and rights to property (except such property as is exempt under section 6334 (9)) belonging to such person or on which there is a lien provided in this chapter for the payment of such tax. Levy may be made upon the accrued salary or wages of any officer, employee, or elected official of the United States, District of Columbia, or any agency or instrumentality of the United States or the District*

Copyright Christopher M. Hansen

> *of Columbia, by serving a notice of levy on the employer of such officer, employee or elected official. If the Secretary makes a finding that the collection of such tax is in jeopardy, notice and demand for immediate payment of such tax may be made by the secretary and, upon failure or refusal to pay such tax, collection thereof by levy shall be lawful without regard to the 10-day period provided in this section.*

Let me see if I have this straight: Levy shall be made upon any officer, employee or elected official of the United States, District of Columbia or any agency or instrumentality of the United States or District of Columbia by serving a notice of levy on the employer of such officer, employee or elected official. "Any officer, employee or elected official of the United States, District of Columbia or any agency or instrumentality of the United States...." Now, does that mean that any government officer, employee or elected official or the United States, District of Columbia and so forth, are the only ones subject to a levy, and of course, those exempt under 6334? That's how it reads to me.

Or, does that cover the man down the street works for IBM or is a teller at the local bank? They certainly aren't officers, employees or elected officials of the U.S. or District of Criminals or any agency or instrumentality of the U.S., etc. They work for private industry, yet the IRS, through lies, deception and brute force, will levy their wages and steal their property. Do you see anywhere in that language that covers private sector employees, officers or elected officials? I don't. Perhaps it's more abracadabra! Perhaps it even has something to do with the 14th Amendment.....

If you haven't taken the time to read the information on the *non-ratification* of the 14th Amendment, please do so. It will go a long way in clarifying the insidious and nefarious intent to strip you of your sovereign citizenship rights and rope you into the clutches of the federal criminals. When I say the people have been bamboozled, it isn't just some silly talk or murky conspiracy, the game plan schematics are laid right out in front of our faces if people just take the time to do the research. As for Section 6331(a) Authority of Secretary from the Internal Robbing Service's Code, I fall under no part of their qualifying definitions and intend to fight.

> *Section 6334 - Property Exempt from Levy. Among wearing apparel, school books, gas, furniture, it also includes unemployment benefits, workmen's comp, welfare and:*
>
> *(6) Certain Annuity and Pension Payments. - Annuity or pension payments under the Railroad Retirement Act, benefits under the Railroad Unemployment Insurance Act, special pension payments received by a person whose name has been entered on the Army, Navy, air Force, and Coast Guard Medal of Honor roll (38 U.S. C. 562),* ***and*** *annuities based on retired or retainer pay under Chapter 73 of Title 10 of the United States Code.*

So, annuity or pension payments for folks under the Railroad Retirement Act are exempt from levy but folks who receive annuities or pension payments from the Plumbers Union, Teacher's Union or Meat Cutter's Union get screwed.

What does Chapter 73 of 10 U.S.C. have to say? Pack your lunch and a suitcase:

> *10 USC CHAPTER 73 - ANNUITIES BASED ON RETIRED OR*
>
> *RETAINER PAY 01/05/99*
>
> *-EXPCITE-*
>
> *TITLE 10 - ARMED FORCES*
>
> *Subtitle A - General Military Law*
>
> *PART II - PERSONNEL*
>
> *CHAPTER 73 - ANNUITIES BASED ON RETIRED OR RETAINER PAY*
>
> *-HEAD-*

Copyright Christopher M. Hansen

CHAPTER 73 - ANNUITIES BASED ON RETIRED OR RETAINER PAY

-MISC1-

Subchapter Sec.

I. Retired Serviceman's Family Protection Plan 1431

II. Survivor Benefit Plan 1447

III. Supplemental Survivor Benefit Plan 1456

AMENDMENTS

***1990 - Pub. L. 101-510,** div. A, title VI, Sec. 631(1), title XIV, Sec. 1484(l)(4)(A), Nov. 5, 1990, 104 Stat. 1580, 1719, amended Pub. L. 101-189, Sec. 1404(a)(2), see 1989 Amendment note below.*

1989 - Pub. L. 101-189, div. A, title XIV, Sec. 1404(a)(2), Nov. 29, 1989, 103 Stat. 1586, as amended by Pub. L. 101-510, div. A, title VI, Sec. 631(1), title XIV, Sec. 1484(l)(4)(A), Nov. 5, 1990,

104 Stat. 1580, 1719, added item for subchapter III, effective Apr. 1, 1992.

1980 - Pub. L. 96-513, title V, Sec. 511(54)(A), Dec. 12, 1980, 94 Stat. 2925, amended chapter heading to read: "ANNUITIES BASED ON RETIRED OR RETAINER PAY".

1972 - Pub. L. 92-425, Sec. 1(1), Sept. 21, 1972, 86 Stat. 706, added subchapter analysis and amended chapter heading by inserting"; SURVIVOR BENEFIT PLAN" after "PAY" which could not be executed as directed in view of amendment by Pub. L. 87-381.

1961 - Pub. L. 87-381, Sec. 1(1), Oct. 4, 1961, 75 Stat. 810, substituted "RETIRED SERVICEMAN'S FAMILY PROTECTION PLAN" for "ANNUITIES BASED ON RETIRED OR RETAINER PAY" in chapter heading.

-CROSS-

CROSS REFERENCES

Exclusion from gross income, see sections 72, 101, and 122 of Title 26, Internal Revenue Code.

Exemption for levy for collection of taxes, see section 6334 of Title 26.

*Repayment of retired pay by beneficiary, see section 8317 of **Title 5, Government Organization and Employees. Retired pay defined, see section 8311 of Title 5.** [*see end of this article]*

-SECREF-

CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in sections 1408, 1461, 1463 of this title; title 5 sections 5531, 8311, 8317; title 26 sections 72, 122, 6334; title 33 section 857a; title 38 section 5301; title 42 section 213a.

Copyright Christopher M. Hansen

Please note the P.L. above I put in bold: ***1990 - Pub. L. 101-510***

Our veteran's are having their military retirement, including disability allotment for having their body parts shot off for our freedom, stolen (levied) for not filing tax returns - even though the law prohibits such action. Wait - didn't we just read in the Internal Revenue Code that levy is confined to:

"Levy may be made upon the accrued salary or wages of <u>any officer, employee, or elected official of the United States, District of Columbia, or any agency or instrumentality of the United States or the District of Columbia</u>, by serving a notice of levy on the employer of such officer, employee or elected official."

Retired military are not officers, employees or elected officials of the United States, District of Columbia, etc., any more than a retired bookkeeper for Hunt Foods would be an officer, employee or elected official of that company after retirement unless some sort of special agreement had been reached. Military pay offices, staffed by civilian dopes, continue to enforce these levies against our military - *even when confronted with the law*. When are the weenies in Congress going to stand up and stop this illegal activity? Pardon my un-ladylike language here but damn it, this makes me sick. I get phone calls, e-mails and letters all the time from veterans who are being levied by the IRS. They have taken the law to the pay officers and they refuse to do anything. These vets have gone to their congressmen/women, they refuse to do anything. God, what a disgrace.

I am not a lawyer and cannot give legal advice but if were a retired vet who had my military pay levied by these criminals, I would go after the pay officer personally using the legal remedies available. While Traficant's "Taxpayer's Bill of Rights" is a lot of smoke, vets should use it to go after these pay office personnel individually. Maybe then they will take the law seriously and it for sure would start to shake things up a bit.

If you don't file a 1040 even though "*The law itself does not require individuals to file a Form 1040..."* and your profession is Chef at Pierre's or a dairy farmer, these thieves at the IRS will levy you even though Section 6331 says that the levy is only made against "any officer, employee, or elected official of the United States, District of Columbia, or any agency or instrumentality of the United States or the District of Columbia, by serving a notice of levy on the employer of such officer, employee or elected official."
Do you fall in the category of exempt from levy? The IRS sure as heck won't tell you. " ....by levy upon all property and rights to property (except such property as is exempt under section 6334." Well, just like our veterans, many Americans will fall into the categories below and just like our veterans, they have been cheated and defrauded by the Republicans and Democrats who sit in the U.S. Congress who allow this domestic terrorist organization, the IRS, to run amok. If you read through all the provisions of the section below, you'll understand why it was critical that the 14th Amendment be pushed through - even though it is apparent it was never properly ratified. Lies, upon lies, upon lies.

[Laws in effect as of January 27, 1998]

[Document affected by Public Law 105-261 Section 3154(b)]

[Document affected by Public Law 105-261 Section 3154(m),]

[CITE: 5 USC 8331]

TITLE 5--GOVERNMENT ORGANIZATION AND EMPLOYEES

PART III--EMPLOYEES

Subpart G--Insurance and Annuities

CHAPTER 83--RETIREMENT

SUBCHAPTER III--CIVIL SERVICE RETIREMENT

Copyright Christopher M. Hansen

Sec. 8331. Definitions

For the purpose of this subchapter--

(1) ``employee'' means--

(A) an employee as defined by section 2105 of this title;

(B) the Architect of the Capitol, an employee of the Architect of the Capitol, and an employee of the Botanic Garden;

(C) a Congressional employee as defined by section 2107 of this title (other than the Architect of the Capitol, an employee of the Architect of the Capitol, and an employee of the Botanic Garden), after he gives notice in writing to the official by whom he is paid of his desire to become subject to this subchapter;

(D) a temporary Congressional employee appointed at an annual rate of pay, after he gives notice in writing to the official by whom he is paid of his desire to become subject to this subchapter;

(E) a United States Commissioner whose total pay for services performed as Commissioner is not less than $3,000 in each of the last 3 consecutive calendar years ending after December 31, 1954;

(F) an individual employed by a county committee established under section 590h(b) of title 16;

(G) an individual first employed by the government of the District of Columbia before October 1, 1987;

(H) an individual employed by Gallaudet College; [Changed to Gaullaudet University, located in Washington, DC and is described as "Liberal arts "education without limits" for students who are deaf and hard of hearing."

(I) an individual appointed to a position on the office staff of a former President under section 1(b) of the Act of August 25, 1958 (72 Stat. 838);

(J) an alien (i) who was previously employed by the Government, (ii) who is employed full time by a foreign government for the purpose of protecting or furthering the interests of the United States during an interruption of diplomatic or consular relations, and (iii) for whose services reimbursement is made to the foreign government by the United States;

(K) an individual appointed to a position on the office staff of a former President, or a former Vice President under section 4 of the Presidential Transition Act of 1963, as amended (78 Stat. 153), who immediately before the date of such appointment was an employee as defined under any other subparagraph of this paragraph; and

(L) an employee described in section 2105(c) who has made an election under section 8347(q)(1) to remain covered under this subchapter; but does not include--

(i) a justice or judge of the United States as defined by section 451 of title 28;

(ii) an employee subject to another retirement system for Government employees (besides any employee excluded by clause (x), but including any employee who has made an election under

Copyright Christopher M. Hansen

section 8347(q)(2) to remain covered by a retirement system established for employees described in section 2105(c));

(iii) an employee or group of employees in or under an Executive agency excluded by the Office of Personnel Management under section 8347(g) of this title;

(iv) an individual or group of individuals employed by the government of the District of Columbia excluded by the Office under section 8347(h) of this title;

(v) an employee of the Administrative Office of the United States Courts, the Federal Judicial Center, or a court named by section 610 of title 28, excluded by the Director of the Administrative Office under section 8347(o) of this title;

(vi) a construction employee or other temporary, part-time, or intermittent employee of the Tennessee Valley Authority;

(vii) an employee under the Office of the Architect of the Capitol excluded by the Architect of the Capitol under section 8347(i) of this title;

(viii) an employee under the Library of Congress excluded by the Librarian of Congress under section 8347(j) of this title;

(ix) a student-employee as defined by section 5351 of this title;

(x) an employee subject to the Federal Employees' Retirement System;

(xi) an employee under the Botanic Garden excluded by the Director or Acting Director of the Botanic Garden under section 8347(l) of this title; or

(xii) a member of the Foreign Service (as described in section 103(6) of the Foreign Service Act of 1980), appointed after December 31, 1987.

Notwithstanding this paragraph, the employment of a teacher in the recess period between two school years in a position other than a teaching position in which he served immediately before the recess period does not qualify the individual as an employee for the purpose of this subchapter. For the purpose of the preceding sentence, ``teacher'' and ``teaching position'' have the meanings

given them by section 901 of title 20;

[There is no (1) in this document. Strange, wouldn't you say?

(2) ``Member'' means a Member of Congress as defined by section 2106 of this title, after he gives notice in writing to the official by whom he is paid of his desire to become subject to this subchapter, but does not include any such Member of Congress who is subject to the Federal Employees' Retirement System or who makes an election under section 8401(20) of this title not to be subject to such System;

(3) ``basic pay'' includes--

(A) the amount a Member received from April 1, 1954, to February 28, 1955, as expense allowance under section 601(b) of the Legislative Reorganization Act of 1946 (60 Stat. 850), as amended; and that amount from January 3, 1953, to March 31, 1954, if deposit is made therefore as provided by section 8334 of this title;

(B) additional pay provided by--

Copyright Christopher M. Hansen

(i) subsection (a) of section 60e-7 of title 2 and the provisions of law referred to by that subsection; and

(ii) sections 60e-8, 60e-9, 60e-10, 60e-11, 60e-12, 60e-13, and 60e-14 of title 2;

(C) premium pay under section 5545(c)(1) of this title;

(D) with respect to a law enforcement officer, premium pay under section 5545(c)(2) of this title; and

(E) with respect to a customs officer (referred to in subsection (e)(1) of section 5 of the Act of February 13, 1911), compensation for overtime inspectional services provided for under subsection (a) of such section 5, but not to exceed 50 percent of any statutory maximum in overtime pay for customs officers which is in effect for the year involved; but does not include bonuses, allowances, overtime pay, military pay, pay given in addition to the base pay of the position as fixed by law or regulation except as provided by subparagraphs (B), (C), (D), and (E) of this paragraph \1\ retroactive pay under section 5344 of this title in the case of a retired or deceased employee, uniform allowances under section 5901 of this title, or lump-sum leave payments under subchapter VI of chapter 55 of this title. For an employee paid on a fee basis, the maximum amount of basic pay which may be used is $10,000;

\1\ So in original. Probably should be followed by a comma.

---

(4) ``average pay'' means the largest annual rate resulting from averaging an employee's or Member's rates of basic pay in effect over any 3 consecutive years of creditable service or, in the case of an annuity under subsection (d) or (e)(1) of section 8341 of this title based on service of less than 3 years, over the total service, with each rate weighted by the time it was in effect;

(5) ``Fund'' means the Civil Service Retirement and Disability Fund; [(6) Repealed. Pub. L. 96-499, title IV, Sec. 403(b), Dec. 5, 1980, 94 Stat. 2606]

[There is no number 6 in this section - another coincidence?]

(7) ``Government'' means the Government of the United States, the government of the District of Columbia, Gallaudet University, and, in the case of an employee described in paragraph (1)(L), a nonappropriated fund instrumentality of the Department of Defense or the Coast Guard described in section 2105(c);

(8) ``lump-sum credit'' means the unrefunded amount consisting of--

(A) retirement deductions made from the basic pay of an employee or Member;

(B) amounts deposited by an employee or Member covering earlier service, including any amounts deposited under section 8334(j) of this title; and

(C) interest on the deductions and deposits at 4 percent a year to December 31, 1947, and 3 percent a year thereafter compounded annually to December 31, 1956, or, in the case of an employee or Member separated or transferred to a position in which he does not continue subject to this subchapter before he has completed 5 years of civilian service, to the date of the separation or transfer;

Copyright Christopher M. Hansen

but does not include interest--

(i) if the service covered thereby aggregates 1 year or less; or

(ii) for the fractional part of a month in the total

service;

(9) ``annuitant'' means a former employee or Member who, on the basis of his service, meets all requirements of this subchapter for title to annuity and files claim therefor;

(10) ``survivor'' means an individual entitled to annuity under this subchapter based on the service of a deceased employee, Member, or annuitant;

(11) ``survivor annuitant'' means a survivor who files claim for annuity;

(12) ``service'' means employment creditable under section 8332 of this title;

(13) ``military service'' means honorable active service--

(A) in the armed forces;

(B) in the Regular or Reserve Corps of the Public Health Service after June 30, 1960; or

(C) as a commissioned officer of the Environmental Science Services Administration after June 30, 1961; but does not include service in the National Guard except when ordered to active duty in the service of the United States or full-time National Guard duty (as such term is defined in section 101(d) of title 10) if such service interrupts creditable civilian service under this subchapter and is followed by reemployment in accordance with chapter 43 of title 38 that occurs on or after August 1, 1990;

(14) ``Member service'' means service as a Member and includes the period from the date of the beginning of the term for which elected or appointed to the date on which he takes office as a Member;

(15) ``price index'' means the Consumer Price Index (all items--United States city average) published monthly by the Bureau of Labor Statistics;

(16) ``base month'' means the month for which the price index showed a percent rise forming the basis for a cost-of-living annuity increase;

(17) ``normal cost'' means the entry-age normal cost computed by the Office of Personnel Management in accordance with generally accepted actuarial practice and expressed as a level percentage of aggregate basic pay;

(18) ``Fund balance'' means the sum of--

(A) the investments of the Fund calculated at par value; and

(B) the cash balance of the Fund on the books of the Treasury; but does not include any amount attributable to--

(i) the Federal Employees' Retirement System; or

Copyright Christopher M. Hansen

(ii) contributions made under the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 by or on behalf of any individual who became subject to the Federal Employees' Retirement System;

(19) ``unfunded liability'' means the estimated excess of the present value of all benefits payable from the Fund to employees and Members, and former employees and Members, subject to this subchapter, and to their survivors, over the sum of--

(A) the present value of deductions to be withheld from the future basic pay of employees and Members currently subject to this subchapter and of future agency contributions to be made in their behalf; plus

(B) the present value of Government payments to the Fund under section 8348(f) of this title; plus

(C) the Fund balance as of the date the unfunded liability is determined;

(20) ``law enforcement officer'' means an employee, the duties of whose position are primarily the investigation, apprehension, or detention of individuals suspected or convicted of offenses against

the criminal laws of the United States, including an employee engaged in this activity who is transferred to a supervisory or administrative position. For the purpose of this paragraph, ``detention'' includes the duties of--

(A) employees of the Bureau of Prisons and Federal Prison Industries, Incorporated;

(B) employees of the Public Health Service assigned to the field service of the Bureau of Prisons or of the Federal Prison Industries, Incorporated;

(C) employees in the field service at Army or Navy disciplinary barracks or at confinement and rehabilitation facilities operated by any of the armed forces; and

(D) employees of the Department of Corrections of the District of Columbia, its industries and utilities; whose duties in connection with individuals in detention suspected or convicted of offenses against the criminal laws of the United States or of the District of Columbia or offenses against the punitive articles of the Uniformed Code of Military Justice (chapter 47 of title 10) require frequent (as determined by the appropriate administrative authority with the concurrence of the Office) direct contact with these individuals in their detention, direction, supervision, inspection, training, employment, care, transportation, or rehabilitation;

(21) ``firefighter'' means an employee, the duties of whose position are primarily to perform work directly connected with the control and extinguishment of fires or the maintenance and use of firefighting apparatus and equipment, including an employee engaged in this activity who is transferred to a supervisory or administrative position;

(22) ``bankruptcy judge'' means an individual--

(A) who is appointed under section 34 of the Bankruptcy Act (11 U.S.C. 62) or under section 404(d) of the Act of November 6, 1978 (Public Law 95-598; 92 Stat. 2549), and--

(i) who is serving as a United States bankruptcy judge on March 31, 1984; or

(ii) whose service as a United States bankruptcy judge at any time in the period beginning on October 1, 1979, and ending on July 10, 1984, is terminated by reason of death or disability; or

Copyright Christopher M. Hansen

(B) who is appointed as a bankruptcy judge under section 152 of title 28;

(23) ``former spouse'' means a former spouse of an individual--

(A) if such individual performed at least 18 months of civilian service covered under this subchapter as an employee or Member, and

(B) if the former spouse was married to such individual for at least 9 months;

(24) ``Indian court'' means an Indian court as defined by section 201(3) of the Act entitled ``An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes'', approved April 11, 1968 (25 U.S.C. 1301(3); 82 Stat. 77);

(25) ``magistrate'' or ``United States magistrate'' means an individual appointed under section 631 of title 28; and

(26) ``Court of Federal Claims judge'' means a judge of the United States Court of Federal Claims who is appointed under chapter 7 of title 28 or who has served under section 167 of the Federal

Courts Improvement Act of 1982.

(Pub. L. 89-554, Sept. 6, 1966, 80 Stat. 564; Pub. L. 89-737, Sec. 1(2), Nov. 2, 1966, 80 Stat. 1164; Pub. L. 90-83, Sec. 1(72), Sept. 11, 1967, 81 Stat. 213; Pub. L. 90-623, Sec. 1(21), Oct. 22, 1968, 82 Stat. 1313; Pub. L. 91-93, title I, Sec. 101, title II, Sec. 201(a), Oct. 20, 1969, 83 Stat. 136, 138; Pub. L. 92-352, title I, Sec. 105(a), July 13, 1972, 86 Stat. 490; Pub. L. 93-350, Sec. 2, July 12, 1974, 88 Stat. 355; Pub. L. 94-183, Sec. 2(38), Dec. 31, 1975, 89 Stat. 1058; Pub. L. 95-454,

title IX, Sec. 906(a)(2), (3), Oct. 13, 1978, 92 Stat. 1224; Pub. L. 95-598, title III, Sec. 338(e), Nov. 6, 1978, 92 Stat. 2681; Pub. L. 96-54, Sec. 2(a)(47), Aug. 14, 1979, 93 Stat. 384; Pub. L. 96-499, title IV, Sec. 403(b), Dec. 5, 1980, 94 Stat. 2606; Pub. L. 97-253, title III, Sec. 306(a), Sept. 8, 1982, 96 Stat. 795; Pub. L. 98-249, Sec. 3(b), Mar. 31, 1984, 98 Stat. 117; Pub. L. 98-271, Sec. 3(b), Apr. 30, 1984, 98 Stat. 163; Pub. L. 98-299, Sec. 3(b), May 25, 1984, 98 Stat. 214; Pub. L. 98-325, Sec. 3(b), June 20, 1984, 98 Stat. 268; Pub. L. 98-353, title I, Secs. 116(a), 121(g), July 10, 1984, 98 Stat. 343, 346; Pub. L. 98-531, Sec. 2(a), Oct. 19, 1984, 98 Stat. 2704; Pub. L. 98-615, Sec. 2(1), Nov. 8, 1984, 98 Stat. 3195; Pub. L. 99-335, title II, Secs. 202, 207(f), June 6, 1986, 100 Stat. 591, 595; Pub. L. 100-53, Sec. 2(a), June 18, 1987, 101 Stat. 367; Pub. L. 100-238, title I, Secs. 112, 123, Jan. 8, 1988, 101 Stat. 1750, 1754; Pub. L. 100-679, Sec. 13(a)(1), Nov. 17, 1988, 102 Stat. 4071; Pub. L. 101-474, Sec. 5(m), Oct. 30, 1990, 104 Stat. 1100; Pub. L. 101-508, title VII, Sec. 7202(j)(1), Nov. 5, 1990, 104 Stat. 1388-337; Pub. L. 101-650, title III, Sec. 306(c)(1), Dec. 1, 1990, 104 Stat. 5110; Pub. L. 102-378, Sec. 2(57), Oct. 2, 1992, 106 Stat. 1354; Pub. L. 102-572, title IX, Sec. 902(b), Oct. 29, 1992, 106 Stat. 4516; Pub. L. 103-66, title XIII, Sec. 13812(a), Aug. 10, 1993, 107 Stat. 670; Pub. L. 103-353, Sec. 5(a), Oct. 13, 1994, 108 Stat. 3173.)

In paragraph (1), the specific exception of the President, appearing in former section 2252(b), is omitted as unnecessary because he is not included in the definition of ``employee''.

In paragraph (1)(B), the definition of ``Congressional employee'' in former section 2251(c) is omitted as unnecessary in view of the definition of the term in section 2107.

In paragraph (1)(E), the words ``Notwithstanding any other provision of law or any ***Executive order''*** *are omitted as unnecessary.*

Copyright Christopher M. Hansen

In paragraph (1)(i), the words ``justice or'' are added on authority of section 371 and 372 of title 28.

Paragraph (1)(iii) and (iv) is based on former section 2252(e), which is carried into section 8347(g) and (h).

Paragraph (1)(vii) and (viii) is based on former section 2252(f), which is carried in part into section 8347(i) and (j).

In paragraph (1), the last sentence is added on authority of former section 2351, which is scheduled for transfer to section 901 of title 20.

In paragraph (3), the words ``or lump-sum leave payments under subchapter VI of chapter 55 of this title'' are added on authority of former section 61b (6th sentence), which is carried into section 5551.

In paragraph (4)(B), references to sections 60e-7, 60e-8, 60e-9, 60e-10, and 60e-11 of title 2 are substituted for the words ``this section'', appearing in former sections 932c(d), 932d(d), 932e(f),

932f(e), and 932g(d), to reflect the scheduled transfer of those

sections to title 2.

In paragraph (5), the words ``the Civil Service Retirement and Disability Fund'' are substituted for ``the civil service retirement and disability fund created by the Act of May 22, 1920''.

In paragraph (7), the words ``Government of the United States'' are coextensive with and substituted for ``the executive, judicial, and legislative branches of the United States Government, including

Government-owned or controlled corporation''.

In paragraph (13), the words ``armed forces'' are coextensive with and substituted for ``Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States'' in view of the definition of ``armed

forces'' in section 2101.

The definition of ``Commission'' in former section 2251(m) is omitted as unnecessary as the title ``Civil Service Commission'' is fully set out the first time it is used in each section.

Standard changes are made to conform with the definitions applicable and the style of this title as outlined in the preface to the report.

* * * * * *

There's another, oh, 30 + pages of this stuff and it may be viewed in its entirety at:

http://www.gpo.ucop.edu/search/uscode.html

Absurd? That's an understatement. Most people just take one look at all that BS and give up. Because the dumbing-down of America has been quite successful over the past 30 years, tragically, most people can't even read the material above, much less analyze it and find the cross- references. Of course, that's what the bad guys are counting on. Look at all those

Copyright Christopher M. Hansen

categories of workers/people who are exempt from levy - not you, of course. You must stay on your knees as a slave to the bankers.

7.8.20.2 Military Retirement Pay is Exempt from Tax Levy

In 1991 the *National Defense Authorization Bill* included a significant change which when coupled with the *Uniformed Services Former Spouse Protection Act* prevents the IRS from levying the income of retired service personnel. The effect of this Act has a great impact on the lives of many retired military employees who have discovered that they are not required to file returns and has simplified the process of defeating IRS actions to seize property.

THE UNIFORMED SERVICES FORMER SPOUSE PROTECTION ACT

The Act was amended on November 5, 1990 by Section 555 of Public Law 101-510 adding at the end, the following new sentence... "A court may not treat retired pay as property in any proceeding to divide or partition any amount of retired pay of a member..." Although the intent of this particular section related to spousal rights, it leads us to subsection (A) which had formerly allowed for retired pay to exclude all amounts which were owed to the United States government. Under the redefinition of "retired pay" the Act struck out the semicolon at the end of subparagraph (A) and inserted additional text thereby limiting the exclusion to... "those amounts owed to the federal government for previous overpayments of retired pay, and for recoupments required by law resulting from entitlements to retired pay."

7.8.21 Seizure of Property

> *"The true foundation of republican government is the equal right of every citizen in his person and property and in their management." --Thomas Jefferson to Samuel Kercheval, 1816. ME 15:36*

> *"By nature's law, every man has a right to seize and retake by force his own property taken from him by another by force or fraud. Nor is this natural right among the first which is taken into the hands of regular government after it is instituted. It was long retained by our ancestors. It was a part of their common law, laid down in their books, recognized by all the authorities, and regulated as to circumstances of practice." --Thomas Jefferson: Batture at New Orleans, 1812. ME 18:104*

> *"Nothing is ours, which another may deprive us of." --Thomas Jefferson to Maria Cosway, 1786. ME 5:440*

Government tax administrators routinely exceed their authority to seize property. The Internal Revenue Code specifically outlines WHO is authorized to seize property, WHAT property is actually subject to seizure, and HOW to proceed with a seizure.

Section 7321 of the IR Code describes what property the IRS is authorized to seize. It States:

> *Any property subject to forfeiture ... may be seized by the secretary.*

Note that the authorization is limited, and applies only to the property subject to forfeiture. Now isn't that interesting! The reader should immediately ask the question: what property is subject to forfeiture, and what property is not?

Sections 7301 through 7304 of the IR Code will answer this question. It places limitations on the IRS by authorizing the seizure of certain specific items only. The "property subject to forfeiture" is limited to articles such as those that are subject to the tax on alcohol, tobacco, and firearms, the raw materials and equipment used to manufacture them, packaging materials, and vehicles used to transport them. The few other articles include counterfeit stamps, fraudulent bonds, fraudulent permits, etc. You should immediately notice that in each case the only things subject to forfeiture are related to items on which an excise tax is imposed. The IRS is NOT AUTHORIZED to seize ANYTHING else.

Copyright Christopher M. Hansen

IR Code Section 7608(b)(1) and 7608(2)(C), respectively state:

> *Any criminal investigator...is, in the performance of his duties, authorized to perform the functions described in paragraph (2)."*

Paragraph (2)(C):

> *to make seizures of property subject to forfeiture under the internal revenue laws.*

Again, notice the limitation. Then, IR Code Section 6335(a) states:

> *...after seizure of [that] property, notice in writing shall be given ... to the owner of the property ...*

The notice is sent after the seizure but interestingly enough, IR Code Section 6502(b) states that:

> *The date on which a levy on property or the rights to property is made shall be the date on which the notice of seizure ... is given."*

According to law, levy can be made only when the property to be levied on is possessed by the U.S. Government, such as unpaid wages and salaries of U.S. employees (6331(a)) or property that has been seized (6502(b)). IRS personnel intentionally deceive financial institutions and employers into thinking that levies have been made when no seizures have taken place. Since the IRS cannot lawfully seize property to force payment of income tax (because it is a voluntary tax), what can they do to enforce payment of an assessment?

If the IRS claims that an income tax is owed, thus creating a tax lien, IR Code Section 7403 provides that the IRS may initiate a civil action in a U.S. District court to enforce the lien by obtaining a money judgment against the delinquent "taxpayer". Enforcement of any judgment would be executed by law enforcement personnel such as a sheriff or his deputies, not IRS personnel. Under no circumstances does the IRS have any authority to seize any property for any income tax claim! Except for taxable objects subject to forfeiture for non payment of the U.S. excise tax, the attachments and seizures of property for enforcement of money judgments from court of law are governed by state law, not the U.S. Code.

Many individuals have received correspondence from IRS agents that appear to be liens or judgments. Don't be confused by these documents. No "piece of paper" from an administrator can adjudicate the ultimate rights of all parties concerned. That agent may send you a document with a formidable title such as "lien and judgment", but remember that titles have no legal effect. Ask yourself; lien against what?; judgment by whom? Those determinations can only be made by a court of law, not some revenue officer or collection agent.

The presumption of liability, and the ensuing assessment by a revenue officer is only a quasi judicial conclusion. That fancy term describes an action by a public administrative officer who has drawn a conclusion upon which to base future action. The conclusion however, has no force of law because it did not come from a court of law. If the revenue officer wants to legally compel you to pay an income tax, he must take you into a court of law and sue you. Action such as this is not only time consuming and costly, but quite often ineffective against the individual who is aware of his constitutional rights and the applicable laws. Revenue agents know they have no authority to make an individual liable for income tax and they can not make anyone pay a tax. They can however, trick you into volunteering!

Administrative officers generally trick individuals into giving them the jurisdiction. They do this by requesting that you give them information. If you're informed enough to know they have no authority, and you ask them to show you the alleged authority they are relying on to ask for the information, they will either misapply a section of the code to deceive you, or they will ignore your question altogether.

If they strike out with their request for information, their second option may be to direct you to appeal to a "tax court". This is where many individuals are fooled. A tax court you see, is not a court of law. The fact that the "United States Tax Court" is merely a tax appeal board, is stated in the footnotes of IR Code Section 7441, which states:

Copyright Christopher M. Hansen

> *The Board of Tax Appeals shall be continued as an independent agency in the Executive Branch of the Government, and shall be known as the Tax Court.*

The name was changed to deceive the public and cause them to think it was part of the judicial branch of government, when in fact it was not.

It has no more authority to compel payment of a tax than an administrative officer, but just as you can acknowledge his authority by voluntarily submitting information, you can also acknowledge the authority of the "Tax Court" by making an appeal to it. When you appeal to this so-called "court", you are giving it permission to make any decision it wants. You are "authorizing" it to adjudicate. You are giving it authority over you that it otherwise would not have. By appealing to it, you are voluntarily admitting (by implication) that an underlying liability already exists. Then the administrative body can end up with the administrative ruling that it wanted in the first place.

Even then, they could not force you to pay anything, and they would not have authority to seize anything, but ... with such a ruling, based upon your voluntary compliance, the tax administrators could move the action into a real court of law. Don't make the mistake of voluntarily giving them that authority.

If you know you're not liable for income tax, and you fully understand the process of deception that state and federal governments use to trick you into voluntarily giving up your rights, you will neither submit information, nor appeal to a so-called "tax court". If you've managed to get this far then you're to be commended for your knowledge, dedication, and guts, but the best is yet to come.

The tax administrator, realizing that because of your knowledge you are now a threat to "the system", may actually try something blatantly illegal. A recent case in Maryland serves as a good example. After making exorbitant income tax claims against an individual Citizen and issuing the customary demands for payment of those exorbitant claims, the agents of the tax collector recorded one of their administrative lien forms in the record office of the county. The form which is merely signed by an employee of the tax department with no certification of its accuracy, is recorded to give public notice that there is a tax claim against the individual for the stated amount. The recorded forms bear the deceptive type-written title, "LIEN AND JUDGEMENT FOR UNPAID TAX", despite the fact that there has never been any judgment from any court of law. There was never any hearing in any court nor were there any papers served or suit filed against the Citizen.

When the individual did not volunteer to pay the exorbitant tax claim, the tax collector's attorney petitioned the circuit court of the county to issue an order for sale of the individual's property. The Clerk of that court then issued a "writ of execution" to the county sheriff directing him to attach and sell the individual's house. Clerks obviously, can not render judgments either. The writ contained the phrase:

> *You are hereby directed to levy upon the property of the judgment debtor to satisfy a money judgment.*

A judgment debtor is one who owes an unpaid money judgment. Needless to say, no money judgment had ever been made by any court of law. Black's law dictionary defines a money judgment as a final order, decree, or judgment of a court, in which a defendant (one who has the opportunity to face his accusers and defend his/herself) is "required" to pay a sum of money, as opposed to a decree, or judgment of equity, in which the court orders some other type of relief.

In order for due process to occur, a suit must be filed, the defendant must be served, given time to prepare a defense, examine any evidence against him, and be given the opportunity for a hearing. Only then can a final judgment, in the form of a "money judgment", be made against him.

The dedicated individual in Maryland confronted the clerk and the sheriff with the fact that there was no money judgment and challenged the validity of the Writ of Execution. In the hearing on this challenge, the judge agreed with the individual and told the attorney for the state that there was no way he could sell the individual's property without a "money judgment", and, that the document bearing the printed title: "Notice of Lien and Judgment", that the comptroller recorded had no force of law to compel sale of property.

Copyright Christopher M. Hansen

The judge however, proceeded to put on quite a show on behalf of the Comptroller by attempting to undermine the confidence of the individual. He made reference to the fact that he would not "set aside the lien", (the administrative claim) which he was not even asked to do since it was irrelevant, and in a major attempt to deceive the individual he stated:

> *I will order the sale of the property.*

To understand the legal trickery behind this statement one has only to ask the question: when will you order it to be sold? The judge knowingly used future tense. He did not say "I hereby order" or "I am ordering". He said "I will order" which means that at some time in the future he may order, or he may not, depending on whether that issue is ever brought before him. The judge knew full well the effect that such a statement was intended to have on the individual. It was a veiled threat designed to scare him into paying up voluntarily, or else.

In the case of this individual, their scheme didn't work. The auction was called off by the state just 2 hours prior to when the sale was to take place. Needless to say the judge wouldn't dare to order a sale of the Citizen's property when there was no money judgment of which to base a sale. You can see the lengths to which the state went to bluff this individual.

It could be said that fear and ignorance are the worst enemies you can have, don't be stampeded by it. Even if the revenuers, and those conspiring with them, after proper notification from you, hold a sale of your property, don't give it up -- attack with a proper court action. Know your constitutional rights, and don't voluntarily give them up. Obtain a copy of the laws regarding income tax, and take time to study the pertinent sections so that you can't be misled.

[Reprinted from `CBA Bulletin', July 1989; from `REASONABLE ACTION']

7.8.22 Auctions of Taxpayer Property

Seized property of Citizens may be auctioned off in order to recover back taxes. When the government auctions off Citizen's property, it is often not concerned at all with ensuring that the property sells at its fair market value. As long as they are able to recover back taxes, then they don't care what the property sells for, and they will sell it to the highest bidder. And once the property is sold, they often will not refund the difference between what the property sold for and the amount of the back taxes. ***BE CAREFUL about this, because you can be burned very badly if you allow a tax auction on your property.***

7.9 IRS (and Congressional) Hypocrisy and Arrogance

> *"If ye fulfill the **royal law** according to the scripture, Thou shalt **love thy neighbor** as thyself, ye do well." [Bible, James 2:8]*
>
> *"Therefore all things whatsoever ye would that men should do to you, do ye also to them: **this is the law**." [Bible, Matthew 7:12, "The Golden Rule"]*
>
> *"**Let love be without hypocrisy**. Abhor what is evil. Cling to what is good. Be kindly affectionate to one another with brotherly love, in honor giving preference to one another."[Bible, Isaiah 32:6*

This section is designed to point out all the inconsistencies and hypocrisy of the laws as written, and to show how they have been biased in favor or the IRS to promote lawless and tyrannical abuses of Sovereign Americans. One of the purposes of this section is to show how IRS actions are lawless and set a very bad example for the populace:

> *"Our government is the potent, the omnipresent teacher. For good or ill, it teaches the whole people by its example. Crime is contagious. If the government becomes a lawbreaker, it breeds contempt for the law; it invites every man to become a law unto himself; it invites anarchy. To declare that in the administration of the criminal law the*

Copyright Christopher M. Hansen

> *end justifies the means...would bring terrible retribution. Against that pernicious doctrine this Court should resolutely set its face." Justice Brandeis, Olmstead v. United States, 277 U.S. 438, 485. (1928)*

One of the things that people instinctively know is *the purpose of the law*. As we aluded to in section 3.2 earlier:

> ***Matthew 7:12:*** *"Therefore all things whatsoever ye would that men should do to you, do ye also to them:* ***this is the law****."*
>
> ***Matthew 22:36-40:*** *(36) "Master,* ***which is the greatest commandment in the law****? (37) Jesus said to him, Thou shalt* ***love the Lord thy God with all thy heart****, and with all thy soul and with all thy mind. (38) This is the first and great commandment. (39) And* ***the second is like unto it, Though shalt love thy neighbor as thyself****. (40)* ***On these two commandments hang all law…****"*

So the purpose of law is LOVING God and our neighbor. Now if we look in 1 Corinthians 13 about what it means to love means:

> *"Love suffers long and is kind; love does not envy; love does not parade itself, is not puffed up; does not behave rudely, does not seek its own, is not provoked, thinks no evil; does not rejoice in iniquity but rejoices in truth; bears all things, believes all things, hopes all things, endures all things. Love never fails."*

We also learn that love is without hypocrisy in Romans 12:9:

> *Let love be without hypocrisy. Abhor what is evil, cling to what is good.*

The Bible says above that the purpose of law is to love your neighbor and that love is without hypocrisy. Therefore, love and hypocrisy are mutually exclusive concepts. To the extent that we find hypocrisy by our government in the administration of any law is the extent to which the law is unjust and must be boycotted and abolished. The presence of LOVE and the absence of hypocrisy are therefore the yardstick by which we are to determine how successful our tax laws, our government, and the Congress are in fulfilling the ***MAIN PURPOSE OF LAW***!

As you will see in the table below, we summarize the rampant hypocrisy in our government and the IRS in administering the tax laws:

Copyright Christopher M. Hansen

1 **Table 7-6: IRS Hypocrisy in Action (with the blessing and support of *YOUR* Congressman!)**

#	*Subject*	*Applicable section(s) of this document*	*Applicable Law(s)*	*Citizen Obligations*	*IRS (Federal Mafia) Obligations*
1	***ADMINISTRATIVE***	***BATTLE***			
1.1	IRS Publications	3.15	Internal Revenue Manual 4.10.7.2.8.	Told by the IRS that Publications must be followed. Never told by IRS that the Internal Revenue Manual specifically states. Here's what the IRS own IRM says: *"IRS Publications, issued by the National Office, explain the law in plain language for taxpayers and their advisors... While a good source of general information, publications should not be cited to sustain a position."* Did you notice they didn't say "explain the WHOLE law". They only quote that portion of the law that advantages them (section 61 of the IRC, but not section 861).	Not responsible for what is in the publications. See following district court cases: 1. ***Lurhing v. Glotzbach***, 304 F.2d 360 (4th Cir. 1962) 2. ***Einhorn v. DeWitt***, 618 F.2d 347 (5th Cir. 1980) 3. ***United States v. Goldstein***, 342 F.Supp. 661 (E.D.N.Y. 1972). 4. ***Boulez v. C.I.R.***, 810 F.2d 209 (D.C. Cir. 1987) 5. ***United States v. Will, 671 F.2d 963, 967 (6th Cir. 1982).***
1.2	Complete anonymity of Revenue Agents and IRS employees	6.4.2	None	Citizens are completely vulnerable and not only have NO anonymity, but they also have NO privacy. Once the IRS knows their SSN, they can find out virtually anything they want about the Citizen, violate their due process, and send computerized threatening and harassing emails and correspondence with anonymity and without the need for a signature.	IRS agents will tell you on the phone that they are not required to divulge their full name to you. This allows them to act incompetently and commit fraud with anonymity. It also encourages malfeasance. This anynymity also makes it difficult for Americans who have been wronged to effect service of legal process on them and sue them. IRS also does not provide numbers of individual agents either in the phone book or anywhere else, so that it is impossible to locate a person who works for the IRS if you haven't been provided their phone number by the IRS in advance.
1.3	Verbal or written advice	7.4		Have to pay massive penalties and interest	Not legally responsible for advice given to

Copyright Christopher M. Hansen

#	*Subject*	*Applicable section(s) of this document*	*Applicable Law(s)*	*Citizen Obligations*	*IRS (Federal Mafia) Obligations*
	directly to citizens			for errors reported on tax returns, even if these error were made because the Citizen was following advice of the IRS.	Citizens, even if it is BLATANTLY wrong.
1.4	Audits	3.10 3.7.10, 8.5.5.4	Administrative Procedures Act, 5 U.S.C. Sections 551-559. (See: http://caselaw.lp.findlaw.com/casecode/uscodes/5/parts/i/chapters/5/subchapters/ii/toc.html) 5th Amendment	Not obligated under the 5th Amendment to testify against oneself. If claim to have records, the records are not protected from disclosure under the Fifth Amendment. DON'T ADMIT YOU HAVE RECORDS, under *any* circumstance, unless it would advantage your case! You can't be compelled to admit you have records!	Governed by the Administrative Procedures Act. IRS routinely tries to compel more evidence out of citizens by making false allegations (not founded in any evidence, which should ALWAYS BE QUESTIONED!) and then requiring the citizen to prove that the allegations AREN'T true by producing records. Then the IRS uses these records later to incriminate the citizen.
1.5	Assessment of tax owed	0		Must be based on filling out a signed return form, and on all evidence provided. Must provide W-2 forms from all employers, copies of 1099's etc. Complexity of the tax code in effect discourages citizens from doing the research necessary to defend their rights.	Have in the past made up assessments out of "thin air" with no supporting evidence. This is called a "naked assessment", and it becomes prima facie evidence used against the citizen unless they challenge it immediately. Naked assessments provoke so much fear in the minds of most (uninformed) citizens that they will pay anything to get out from it. IRS knows this and exploits it to their advantage.
1.6	Penalties for late payment of taxes or refunds from the IRS	7.8.5, 3.11.2	Internal Revenue Manual, Part 20 (see http://www.irs.gov/prod/bus_info/tax_pro/irm-part20.html)	Over 140 different types of penalties that could be arbitrarily assessed on the Citizen by the IRS. Computation techniques for penalties are often not explained by the IRS. Citizenss should ALWAYS question the methods and the applicable laws used to compute penalties, or the IRS will abuse them with excessive and unwarranted penalties!	Deliberately pad penalty assessment calculations so that if Citizen doesn't question them, then IRS has added income. Regulations for Subtitle F (Procedures and Administration) DO NOT authorize penalties for Subtitle A income taxes but IRS routinely tries to impose them anyway.
1.7	Correspondence/ documentation	3.10	Administrative Procedures Act, 5 U.S.C. Sections 551-559. (See:	All correspondence is usually authenticated with a signature and a return address. Take	Send anonymous and threatening computerized letters harassing Citizens.

Copyright Christopher M. Hansen

#	*Subject*	*Applicable section(s) of this document*	*Applicable Law(s)*	*Citizen Obligations*	*IRS (Federal Mafia) Obligations*
			http://caselaw.lp.findlaw.com/casecode/uscodes/5/parts/i/chapters/5/subchapters/ii/toc.html)	"personal responsibility" for everything, even if they didn't prepare it. For instance, if a tax preparer makes a mistake the Citizen assumes full responsibility and liability for the mistake.	Citizens often don't even know who sent the letter or who to contact to resolve the problem.
1.8	Signing of income tax returns	3.8.9 3.8.11, 7.8.16	26 U.S.C. §6702 "Frivolous Return" 26 U.S. Code Sec. 7203 "Willful Failure to File"	IRS will attempt to penalize citizens for "frivolous returns" if they file returns that are unsigned, even though the ruling in Lovell v. United States, 755 F.2d 517 (1984) treated as valid a return that was not signed!	When the IRS files it's own "Substitute for Return" because the Citizen refuses to submit or complete his/her own, it isn't signed!
1.9	Responsibility for misconduct	IRS: 11.9.1 , 11.9.2 Citizen: 3.8.9-3.8.12	Citizens: 26 U.S.C. §§6702, 7201, and 7203 IRS: 26 U.S.C. §7214	Citizen is completely responsible for everything that he either does personally or which is done in his behalf. For instance, if his tax preparer makes a mistake and Citizen doesn't catch it, the Citizen, not the tax preparer, assumes liability for any penalties that result. Same for citizens who allow the IRS to complete their returns!	IRS NOT liable for mistakes of any of its agents, even if their advice and conclusions are BLATANTLY wrong. Citizen assumes ALL liability for investigating the accuracy and legality of anything he is told by the IRS.
1.10	Levies and liens	7.8.20, 7.8.10	26 U.S.C. §6331 5th Amendment to the Constitution	Citizens seldom investigate the approach of their financial institutions towards IRS levies. Because of this, IRS will abuse their power to levy and violate 26 U.S.C. §6331. The bank will then forfeit the citizens assets, because it was deceived by the IRS into thinking the levy was issued by a court. IRS does not have the authority to directly issue levies. Instead, citizens should ensure that they only do business with financial institutions that follow the proper procedures for complying with levies. They should also ensure that the county recorder, where the deed to their real property is recorded, follows the proper procedures and requires a court to issue the levy instead of honoring a "fake" levy issued	Under 26 U.S.C. §6331, IRS can only levy officers, elected officials, employees of the federal government. Typically, however, they will attempt to levy on EVERYONE, in violation of the law by sending a "Notice of Levy", which is not an actual levy because it is not signed or stamped by a judge of a court. These kinds of IRS abuses are at the heart of why we say throughout this document that the IRS routinely violates the due process requirement of the 5th Amendment.

Copyright Christopher M. Hansen

#	*Subject*	*Applicable section(s) of this document*	*Applicable Law(s)*	*Citizen Obligations*	*IRS (Federal Mafia) Obligations*
				directly by the IRS as a "Notice of Levy".	
2	***LEGAL BATTLE***				
2.1	Location of service centers	NA	None	District offices of the IRS are within the reach of most Americans, and these offices harass and intimidate people all the time.	IRS locates its service centers outside of the state jurisdiction that it serves, making it more difficult to prosecute individual revenue officers working at those centers in state courts and forcing Americans to use federal courts, which is a conflict of interest. For instance, the Ogden Utah service center services California, but California courts have no jurisdiction in Utah against IRS revenue officers.
2.2	Official immunity	6.4.2	None	Citizens have no official immunity, and can request immunity under 18 U.S.C. §6001-6002 before they file tax returns, but seldom are granted it and instead are prosecuted for "Willful Failure to File" under 26 U.S.C. §7203 if they say they won't submit a signed return without it..	Revenue officers enjoy official immunity provided to them by the federal courts. This immunity protects them from prosecution for wrongdoing and fraud.
2.1	1st Amendment Freedom of Speech	3.7.8, 6.6, 11.10	1st Amendment to the Constitution	Must litigate all the way up to the Federal Circuit/Appellate courts in order to change IRS behavior (results of district court litigation does not apply to other cases within the IRS).	IRS requests protective orders so that cases go "unpublished", which means that the results aren't released for publication to caselaw databases. This is especially true of controversial cases that advantage citizens over the IRS. Courts routinely support this so that citizens can't learn the truth about income taxes. A famous tax freedom litigator who focused on 5th Amendment issues and litigated several cases, William Conklin, had this done to MOST of his cases by the federal courts. This amounts to censorship and violates the First Amendment right of free speech.
2.2	4th Amendment Right to Privacy	3.7.9, 7.8.14-7.8.15	4th Amendment to the Constitution	Citizens falsely believe they have 4th Amendment rights to privacy and unlawful search and seizure.	IRS routinely gets a warrant to search citizens house for evidence used to prosecute them for an alleged tax crime. Sometimes

Copyright Christopher M. Hansen

#	*Subject*	*Applicable section(s) of this document*	*Applicable Law(s)*	*Citizen Obligations*	*IRS (Federal Mafia) Obligations*
				WARNING: You should never keep sensitive records at your home or at a storage facility that is in your name. The IRS will locate it and get a search warrant, or worst yet, search it without a warrant.	the do unauthorized searches without a warrant.
2.3	5th Amendment Restrictions	3.7.10	5th Amendment to the Constitution	Foolish Citizens bring all their records to audits and examinations and admit to the existence of the records, even though they are well within their rights to not even admit to the existence of the records.	IRS deposes citizens to ask them to answer questions about their income and tax liabilities. They request that the Citizen bring all "relevant records" , but don't identify what records might be relevant. The deposition turns into a "fishing trip" for the IRS, and foolish citizens every day bring all the records they have to these meetings. Once the IRS finds out they have these records, they can compel the Citizen to provide them. When citizens claim the 5th Amendment and refuse to show up at the depositions, IRS takes them to court to force them to appear. When citizen shows up, he is badgered and tricked into revealing things about himself and his records and isn't told that it is well within his rights to refuse to answer EVERY question and to NOT provide ANY records.
2.4	Training and litigation references	This book. Chapter 12		Very few references. But here are some of them: 1. *The Great IRS Hoax: Why We Don't Owe Income Tax*, available from http://familyguardian.tzo.com. 2. Websites and books referenced in section 12 of *The Great IRS Hoax*. 3. *Taxable Income Report*, available from http://taxableincome.net.	Publish the following documents for internal use by DOJ Criminal Tax Attorneys: 1. *Department of Justice, Tax Division, Criminal Tax Manual* (see http://familyguardian.tzo.com for a copy of this document) 2. *Department of Justice, Tax Division, Judgment Collection Manual* (see http://familyguardian.tzo.com for

Copyright Christopher M. Hansen

#	*Subject*	*Applicable section(s) of this document*	*Applicable Law(s)*	*Citizen Obligations*	*IRS (Federal Mafia) Obligations*
				4. *Tax Freedom Litigation Manual* (currently under development by this author—be on the lookout!).	a copy of this document)
2.5	Legal assistance	NA	NA	Tax attorneys cost up to $300/hour for their services.	Have full-time tax attorneys paid for with Citizen's dollars who work for the Department of Justice. These lawyers are responsible for using the courts to harass and inconvenience Citizens into "volunteering" to pay tax.
2.6	Tax Court	11.10.2		Only place Citizen can go to modify his tax assessment BEFORE he pays the tax. Citizen not warned that Tax Court IS NOT a part of the federal judiciary branch! This is a kangaroo court with a presiding judge who works for the IRS! Procedures are informal and only binding if both parties consent. No jury!	IRS likes this forum because it adds one more hoop that Citizens have to go through before they can get their case up to the Federal Circuit court, and thereby change IRS behavior for ALL Citizens.
2.7	Federal district/appeals court litigation	6.6, 6.6.4.5-6.6.7, 11.10.3		Costs $150 to file a Petition. Citizen must hire a lawyer at great expense if he can't or won't litigate himself. Publications available for citizens to litigate their own cases is VERY sparse. Only Nolo Press (http://www.nolo.com) publishes legal self-help books that are suitable for pro per litigants.	IRS requests Social Security Numbers of prospective jurors and only chooses jurors who faithfully pay their taxes and don't "question authority". All their attorneys are very experienced with tax cases. Use automated case management tools, and refer to the Criminal Tax Manual in prosecuting their tax cases. This document contains detailed points and authorities, jury instructions, and even sample pleadings. IRS DOES NOT publish tax litigation materials to help citizens defend their rights, because they don't want citizens to HAVE rights! IRS routinely asks for a legal fee award

Copyright Christopher M. Hansen

#	*Subject*	*Applicable section(s) of this document*	*Applicable Law(s)*	*Citizen Obligations*	*IRS (Federal Mafia) Obligations*
					against citizens who litigate in order to "financially punish and sanction" citizens who want to defend the rights the IRS doesn't want them to have. IRS colludes with judge to rig jury selection and requests contempt findings against citizens who focus on the tax laws and can demonstrate their lack of tax liability.
2.8	Leverage with/against Federal Judges	6.6, 11.4		Citizens who litigate against the IRS have NO leverage or influence with Federal Judges. If Citizen detects a conflict of interest, the leverage he has is minimal to get the judge dismissed.	IRS maintains files on all federal judges. Threaten audits and fabricated penalties if judges won't rule or manipulate the case in their favor. The President nominates and the Congress approves the appointment of federal judges. Judges only stay in office as long as they are on "good behavior".

Doesn't this kind of arrogance and hypocrisy get you just a teeny bit MAD!! Has our government's efforts to enact and enforce good laws succeeded. Based on all the hypocrisy above, they have failed to measure up to the purpose for ALL LAW, according to God's definition of the purpose of law. If we look at the tyranny in the court room relating to income taxes, the picture looks much worse!

What are you going to do about it other than continue to subsidize and reward it with your hard-earned tax dollars? We'd suggest starting with following the procedures and options identified in Chapter 8: Solutions: How to Stop the Tyranny.

Copyright Christopher M. Hansen

7.10 Statistics On IRS Behavior

This section identifies statistics on IRS behavior as part of their tax assessment and collection process. You can look at some of these statistics yourself by going to the following website:

http://trac.syr.edu/tracirs/

In the following subsections, we have compiled some statistics on the IRS for your benefit.

7.10.1 Audits

1. IRS audits continue to decline

IRS "Face-to-Face" District Audits of Individual Income Tax Returns

Table 7-7: IRS "Face-to-Face" District Audits of Individual Income Tax Returns

Fiscal Year	*Returns Filed**	*Revenue Agent Audits*	*Tax Auditor Audits*	*Total District Audits*	*Percent Audited*
1981	93,052,000	289,507	1,193,079	1,482,586	1.59
1982	94,013,000	285,526	1,066,537	1,352,063	1.44
1983	95,419,000	277,945	1,001,865	1,279,810	1.34
1984	95,541,300	276,182	859,351	1,135,533	1.19
1985	96,496,900	332,574	810,943	1,143,517	1.19
1986	99,529,000	298,943	732,456	1,031,399	1.04
1987	101,750,800	317,525	610,439	927,964	0.91
1988	103,251,000	352,808	532,326	885,134	0.86
1989	107,029,000	242,983	542,664	785,647	0.73
1990	109,868,400	202,570	516,749	719,319	0.65
1991	112,304,900	200,735	499,886	700,621	0.62
1992	113,829,200	210,166	536,640	746,806	0.66
1993	114,718,900	250,712	505,539	756,251	0.66
1994	113,754,400	364,016	456,216	820,232	0.72
1995	114,683,400	338,605	458,880	797,485	0.70
1996	116,059,700	252,430	509,420	761,850	0.66
1997	118,362,600	209,781	505,834	715,615	0.60
1998	120,342,400	168,054	383,366	551,420	0.46
1999	121,829,470	124,270	259,197	383,467	0.31

Source: Internal Revenue Service. Includes audits conducted under the Assistant Commissioner (International) outside the jurisdiction of regular IRS district offices.

2. IRS Audit Staff is on the decline

IRS Office of Examination Staff (average positions realized)

Table 7-8: IRS Office of Examination Staff (average positions realized)

Fiscal Year	*All*	*Revenue Agents*	*Tax Auditors*	*Other*
1981	22,716	13,184	4,032	5,500
1982	22,766	13,450	3,844	5,472

Copyright Christopher M. Hansen

1983	23,661	13,563	3,791	6,307
1984	23,934	13,405	3,459	7,070
1985	24,798	13,557	3,513	7,728
1986	26,120	13,619	3,292	9,209
1987	29,243	14,944	3,105	11,194
1988	31,895	16,559	3,242	12,094
1989	31,315	16,486	3,327	11,502
1990	28,788	15,526	3,003	10,259
1991	28,592	15,738	2,842	10,012
1992	28,393	15,947	2,704	9,742
1993	27,490	15,541	2,556	9,393
1994	26,894	15,206	2,460	9,227
1995	27,808	15,869	2,732	9,207
1996	27,350	15,330	2,627	9,393
1997	25,593	14,591	2,344	8,659
1998*	21,599	13,687	2,128	5,784
1999**	20,736	13,140	2,043	5,553

Source: Internal Revenue Service

* In 1998, the figures no longer include IRS Service Center audit staff which were included in totals for prior years. IRS estimates that this definitional change reduced Examination staff figures by approximately 2500 FTE's (average positions realized). This definitional change was the chief reason for the reduction in the "other" category shown above for 1998.
** 1999 figures estimated based upon Office of Personnel Management data.

3. Low income taxpayers are most likely to face audits.

"He who oppresses the poor to increase his riches,
And he who gives to the rich, will surely come to poverty."
[Bible, Prov. 22:16]

"Do not rob the poor because he is poor,
Nor oppress the afflicted at the gate;
For the Lord will plead their cause,
And plunder the soul of those who plunder them."
[Bible, Prov. 22:22-23]

"Like a roaring lion and a charging bear
Is a wicked ruler over poor people."
[Biuble, Prov. 28:15]

District vs Service Center Audits
Fiscal Year 1999

Table 7-9: IRS District vs Service Center Audits Fiscal Year 1999

Type Of Audit	Number Of Audits			Additional Taxes and Penalties Recommended		
	All	Low Income	% Low Income	All	Low Income	% Low Income
District	383,467	76,618	20.0%	$2.9 billion	$0.3 billion	10.3%
Service Center	715,789	524,050	73.2%	$1.5 billion	$1.1 billion	73.3%
Total	1,099,256	600,668	54.6%	$4.5 billion*	$1.4 billion	31.1%

Source: Internal IRS reports.

Copyright Christopher M. Hansen

7.10.2 Collection activity

IRS Collection Enforcement

Table 7-10: IRS Collection Enforcement

Fiscal Year	Total Number of:		
	Levies	Liens	Seizures
1992	3,252,682	1,452,634	11,033
1993	2,584,774	959,356	9,626
1994	2,935,059	812,819	10,166
1995	2,721,823	798,677	10,707
1996	3,108,926	750,225	10,449
1997	3,659,417	543,613	10,090
1998	2,503,409	382,755	2,307
1999	504,403	167,867	161

Source: Internal IRS collection reports

7.10.3 Federal Tax Prosecutions

Total Federal Tax Prosecutions According to U.S. Courts Fiscal Year 1981 – 1999

Table 7-11: Total Federal Tax Prosecutions According to U.S. Courts

Fiscal Year	*Total Tax Prosecutions (All Sources)*
81	1,431
82	1,185
83	1,060
84	1,339
85	1,361
86	1,547
87	1,550
88	1,393
89	1,190
90	1,206
91	1,066
92	1,015
93	1,011
94	931
95	850
96	847
97	873
98	766
99	722

Source: Administrative Office of U.S. Courts.

7.10.4 Criminal Enforcement

Copyright Christopher M. Hansen

Outcome of IRS Criminal Investigations
(Per Capita Is Per Million Population)

Table 7-12: Outcome of IRS Criminal Investigations

Fiscal Year	# Referrals Disposed Of	# Justice Declines to Prosecute	# Prosecuted But Dismissed or Not Guilty	# Convicted	Per Capita Convictions
80	2,622	641	487	1,494	6.6
81	2,421	602	428	1,391	6.1
82	2,315	603	364	1,348	5.8
83	2,563	689	415	1,459	6.2
84	2,623	811	320	1,492	6.3
85	2,329	660	255	1,414	5.9
86	2,728	855	311	1,562	6.5
87	3,109	1,073	332	1,704	7.0
88	3,236	1,240	299	1,697	6.9
89	3,171	1,321	285	1,565	6.3
90	3,511	1,595	259	1,657	6.7
91	4,431	2,136	378	1,917	7.6
92	4,165	1,894	424	1,847	7.2
93	4,525	1,960	443	2,122	8.2
94	4,575	2,128	456	1,991	7.6
95	4,190	1,960	418	1,812	6.9
96	3,904	1,981	388	1,585	6.0
97	3,552	1,544	322	1,686	6.3
98	3,333	1,366	223	1,744	6.5

Analysis of Justice Department records.

7.11 Documentation of IRS Rules and Procedures

Internal Revenue Service rules and procedures are formally documented in the following two publications:

1. *IRS Practice and Procedure*; by Saltzman; Publisher: Warren, Gorham, and Lamont publishers. This document focuses on all administrative procedures within the IRS, and how they are supposed to function. It is regularly updated and is available at most law libraries. It is the most complete and detailed publication of its kind.
2. *Internal Revenue Manual*; Available from http://www.irs.gov/prod/bus_info/tax_pro/irm-part/. This document is published directly by the Internal Revenue Service (IRS) and has detailed references to the laws and administrative procedures for operating the IRS.

If you are litigating with or working with the IRS, it is crucial that you have available to you these publications and refer to them frequently to ensure that the rules are followed by the IRS.

Copyright Christopher M. Hansen